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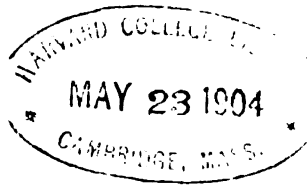
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THE  
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COMMENT.

*The Eastern Asiatic Contest.*

THE war between Russia and Japan is of particular interest to the economist and the sociologist on account of the fact that it is likely to test the value in a military campaign of institutions which favor the development of the individual in competition with those which tend towards his suppression. Both nations have apparently adopted the modern methods of army and navy organization, and the modern instruments of destruction. Both appreciate the importance of having the command of the seas. Both are equipped with battleships, cruisers, torpedo boats, and torpedo-boat destroyers. Both apparently have the modern equipment for land service. Both have soldiers who can fight with a stoic contempt of death. The difference in military matters is one of size rather than of kind. The naval strength of the two nations seemed at the beginning of the war not far from equal—at least upon paper. The immense population of Russia seemed to give it a preponderance of soldiers, against which the Japanese army would be almost powerless, though this advantage is partly neutralized by the relative proximity of Japan to the seat of war. Politically, Russia represents an antiquated type of despotism. Parliamentary institutions are unknown, the Czar is the supreme ruler. But as war is a business in which discipline is of the first importance, the habit of blind obedience which goes with

despotism is generally supposed to be more helpful in its prosecution than the fondness for discussion and the habit of expressing individual opinions which democracy fosters. So that here again the advantage would seem at first sight to rest with the Russians.

It is when we consider economic and social conditions that the possibility of overcoming these advantages shows itself. The basis of rural life in Russia is communistic, in Japan it is individualistic. Although in close touch with the civilization of Western Europe, Russia has made comparatively little progress in giving education, culture, and initiative to the great masses of its population. The ability and originality displayed by educated Russians in art, in literature, in music, simply emphasize the lost possibilities of the mass of the people. The restriction of the press and the censorship exercised over all of its products have held back the intelligence of the people, while the village community system has checked their ambition, and prevented the spontaneous growth of manufactures and commerce. Hence, in contrast to England, the Russian advance has been primarily territorial and political, and only secondarily commercial. Yet it has been wonderfully steady; it has been carried out in many respects with remarkable ability, and it has been especially successful in competition with such Asiatic civilizations as it has come into contact with thus far.

Japan, however, offers an entirely new problem. Though handicapped by differences of language, of religion, of ideals, of customs, it has seized with startling avidity the western ideas of universal education, and of industrial and commercial progress. If it should come out victorious from the present contest, its success would promote the cause of freedom throughout the world. The success of Russia would not convince free and progressive nations of the benefits of despotism, but it would retard the peaceful liberalization of Russian institutions, and strengthen reactionary influences in those countries of Europe in which the government is still more liberal in form than in fact.



## ANTI-TRUST REMEDIES UNDER THE NORTHERN SECURITIES DECISION.

THE Northern Securities decision, if followed up by legislation, might prove to be a turning point in the history of that most effective form of the modern "trust" which is known as the holding corporation. The construction given by the court to the so-called Sherman Anti-Trust Law is not of very vital importance. If that construction had been different, the law could have been amended. It may be strengthened yet. What can be done under the present statute mainly interests lawyers. What can be done under the Constitution, whatever may be the present statute, mainly interests the public. The importance of the Northern Securities decision is in its constitutional aspect. It decides two constitutional questions of wide bearing: first, that the constitutional right of any person to buy and hold any piece of property, however much or little the right may be limitable by legislation, does not enable one corporation to purchase a controlling interest in the stock of another against the will of the sovereignty by whose permission the latter conducts its operations; and second, that the jurisdiction of the nation over interstate and foreign commerce is so broad that the ownership of the stock of corporations engaging in that commerce is subject to Federal regulation to some extent at least. The language of the judges in this as in the recent Lottery Case is guarded, and they evidently have not yet made up their minds how far the doctrine now established will go. I do not think, however, that it can become more narrow than I have stated it. I think that logically and reasonably it is subject to some further extension.

Much stress has been laid upon the nearly equal division of the court of last resort, and upon the fact that one of the majority judges did not concur with all the statements in the majority opinion. He did, however, concur in its main reasoning, which had also the support of four able and experienced judges in the court below. Take into consideration the judges

at Circuit as well as those in the Supreme Court—and this may with unusual propriety be done, since the arguments below were as full and able as those above—and they stand not in the proportion of five to four, but nine to five. I think that upon the constitutional questions the decision will meet with the approval of a like majority of the legal profession.

The argument of the minority judges, assuming an unlimited right in the citizen to purchase property, refused to recognize any distinction in that respect between a natural and an artificial person, or between a piece of tangible property and corporation stock. It is indeed common, convenient, and generally proper to call a corporation an artificial person. Nevertheless this is only a metaphor. In law as in fact, it is well settled that the personality of a corporation is a legal fiction, which it is proper to use only for the purposes for which the fiction was invented. Chief Justice Marshall called a business corporation "a company of individuals." It is a company associated together for the prosecution of some common enterprise; and a share of stock is really nothing but an individual membership in the prosecution of that enterprise. It is a piece of property in the same sense only in which a membership in an ordinary business firm is a piece of property, although statutes have granted to it certain privileges which do not belong to membership in the firm. There is no general right inherent in the citizen to join in forming a corporation. Until within sixty years past every, or almost every, corporation was formed by a special act of legislation. At present they are usually formed under the authority of general laws; but each corporation is still dependent for its existence on the will of some particular sovereignty, generally a State or a territory, sometimes the United States. Each State can regulate the membership and powers of its own corporations. It can prohibit them from holding stock in any other corporations. It can prohibit any other corporations from holding stock in them. It can prohibit any person from holding more than a given proportion of the stock of any particular corporation. It can require that the membership of any particular corporation shall consist of not less than a given number of persons. Wisconsin, which incorporated the new

Northern Pacific Railroad after the foreclosure of the old one, could indubitably have provided by legislation that no other corporation could hold stock in it. This would have made the Northern Securities scheme impossible; for while New Jersey can incorporate a party of gentlemen for the purpose of buying stock in a corporation of Wisconsin, they cannot buy it if by the laws of Wisconsin it is not purchasable. The real question in the Northern Securities case was whether, if Wisconsin and New Jersey agreed to such a purchase, the nation could forbid it. This depended upon the extent of the nation's power over interstate and foreign commerce. Congress has frequently incorporated companies for the purpose of engaging in such commerce. The old Northern Pacific road itself was thus incorporated. The true analysis of the present decision seems to me to be that all State corporations engaging in interstate or foreign transportation do so by the implied permission of the nation; and that that implied permission can be subjected to a certain degree at least of restrictive regulation. No New Jersey corporation can carry on business in Wisconsin without the consent of the latter State; and that consent can be subjected to any conditions. The present decision, as I construe it, recognizes in the nation a sovereignty as complete over interstate commerce as is the sovereignty of Wisconsin over the business carried on within her own limits. I see no reason why Congress, if it so willed, could not under the Northern Securities decision prohibit any corporation whatever from holding stock in any interstate transportation company; although it should not do so, and there is no reason to suppose that it ever will. My present object, however, is to discuss the holding corporation pure and simple—the corporation whose sole object is to control by stock ownership the operations of one or more of the active working companies of the world, or the actions of one or more other holding corporations already in existence.

Few realize how very recent an affair such a holding corporation is. I know of none earlier than the Pennsylvania Company, chartered in 1870. The Southern Pacific was chartered by Kentucky in 1884; and it was considered so dangerous a character that it was given no power to invade any of the

corporations actually doing business in its own State. The development of the holding corporation upon a large scale is indeed so recent that it is actually contemporaneous with the popular anti-trust agitation. The genuine "trust" was killed by the Sugar Trust Case in New York, which commenced in 1888 and ended in 1890, and the Standard Oil case in Ohio, which did not end until 1892. The Sherman law was passed by Congress in 1890. Yet, under cover of this anti-trust agitation and of the political excitements which were to culminate in the Presidential election of 1892, the astute financiers against whom the agitation was being directed were quietly obtaining legislation which would enable them to evade the decisions, and to a large extent the statutes, that had just been fulminated against them. The holding corporation idea in New Jersey did not germinate until 1888, and was not complete until 1893. On a large scale in New York it dates from 1892, under the governorship of the gentleman who afterwards led the famous "Flower boom." Up to that time the formation of the gigantic combinations with which we are now familiar would have been most difficult. This is why the old "trust" method had been attempted. It was only about that time that consolidation laws became liberal toward the promoters of modern combination; but even consolidation laws do not solve all of the promoter's problems. Often the personal factor prevents the formation of a monopoly upon this plan, and it can only be done effectively by stock purchase on an enormous scale—on a scale that is possible only when a corporation must be formed for the purpose of holding the purchases.

Since 1893 New Jersey has done a business very lucrative to her State treasury, in the exploitation of her new discovery. The process is simple. Three young men, with money which has been furnished them for that purpose, file a paper with the State authorities and pay a fee. They get a certificate in return which makes them into a corporation for whatsoever purposes they like, with whatsoever powers New Jersey is able to give them. Such rights as this piece of paper can give them they turn over to the gentlemen who had requested their services and furnished them with the necessary cash. All that the

holding corporation does thereafter is to purchase stock in other companies, vote it in the stockholders' meetings of such companies, collect dividends therefrom, and divide the proceeds.

It is a necessary implication of the Northern Securities case, if there ever could have been any dispute about the point, that any other State may by appropriate legislation keep the New Jersey corporation out of its territory. By action of the several States the holding corporation may be extinguished as rapidly as it arose. For I think that those now existing are not protected by any constitutional provision. Any State may enact that no corporation can hold in the future more than a given proportion of the stock of one of its own corporations. A reasonable time must be given those already existing to dispose of their stock and wind up. This is all the shrift that they can require. Whether the several States will—whether they dare—avail themselves of this power is more doubtful. Each legislature is subject to corporate influence; and each will be threatened with an emigration of capital to the territory of a rival. For reasons such as these, there has been a demand for an amendment to the United States Constitution, giving to the nation the control of the whole subject. The early adoption of this or any other constitutional amendment is improbable, and this one would be of doubtful wisdom. Congress has already so many subjects of legislation that it is on the point of breaking down, and would long since have broken down had it not parted with some of the characteristics of a deliberative body. It is questionable whether so complex an addition as this to its jurisdiction is possible without fundamental alterations in our system of government. If the Federal Constitution is not amended, and the States do not act, there is no power to stop the further growth by this effective means of the “industrial” trust pure and simple; for under the present Constitution Congress has no direct power to regulate an agricultural, mining or manufacturing industry. I shall therefore pass to the consideration of the corporations which Congress does have the power under the Northern Securities decision to control.

These may be divided into two classes: first, the transportation companies pure and simple, such as railroads and steam-

boat lines; and second, those aggregations which combine the work of production with that of transportation. Among holding companies of the first class the latest development is the Rock Island; among those of the second class the most familiar is the United States Steel Corporation. To the second class also belongs (if it really is existent) the Anthracite Coal Trust, a supposed combination of transportation companies that by means of direct ownership, stock ownership, and bond ownership, control a large part of the coal mining business in certain important districts. If the nation desires to break up these combinations the remedy is plain, and has often lately been pointed out. It can provide that (after a reasonable time in which to unload present holdings) no company engaged in transportation shall engage in any agricultural, mining or manufacturing industry, or directly or indirectly hold any of the stock of any corporation engaged in such industry. It can enact that (after the lapse of a similar period) no corporation can hold directly or indirectly more than a given proportion of the stock of any corporation engaged in interstate or foreign transportation.

Should the nation exercise this power? Should the States seriously attempt the use of their similar power over the strictly productive industries? Should Massachusetts, Connecticut, New York and Pennsylvania conclude to stand together, limit the capitalization of their industrial corporations, prohibit the domestic holding corporation, and bar out the invasion from New Jersey? This involves a consideration of the full "trust" problem; and more particularly involves the question whether, assuming it to be unwise to attempt to prohibit or even to limit great aggregation of capital, nevertheless the holding corporation is a species which has already in its short life developed special evils that justify its extinction. The first and main question cannot even be touched upon in the limits of this paper. Upon the second I do not undertake to pronounce a judgment, but only to contribute some suggestions.

The holding corporation is not a natural outgrowth, but an artificial contrivance for the purpose of effecting combinations of capital to a degree and with a rapidity that human nature

did not permit of under the laws amid which we grew up. If the "trusts" really were a natural outgrowth of modern advancement in physical processes, that would be a strong argument for their continuance. But this we cannot tell. We can have no experience of what might have been accomplished in this line by natural causes alone, unless we first undo what has been done by legislation enacted, not in response to a general public demand, but at the instigation of special interests. I think that even what is elsewhere known as "Wall street opinion" is divided upon the question whether this particular contrivance has been beneficial to the public. Certainly that opinion is less favorable than it was three years ago. Some forms of the holding corporation may be advisable. For instance, the so-called "family corporation" is a convenient device for keeping together the property of a family under competent management, and preventing its sacrifice at the whim of a single member. This may easily be differentiated by legal provisions, as by restricting investment in any single stock. The more familiar type, however, the corporation organized "for control," I believe we have experienced sufficiently to warrant us in condemning, as on the whole contrary to the public interest. While it has been a most effective instrument in building up monopoly, it has also been a most effective instrument of fraud upon stockholders and upon investors and upon the outside public.

It has resulted in intricacy of organization so great that no public officer can be expected to understand it, and no ordinary stockholder can afford to get competent advice about it. When combinations are built up by simple processes of consolidation, or by the simpler form of lease, the predatory instincts of the promoters are somewhat restrained by inherent limitations. But when the United States Steel Corporation controls the stock of the Federal Steel Company, which in turn controls the stock of the Illinois Steel Company, which in turn controls the stock of the Elgin, Joliet and Eastern Railroad Company, and when these companies are commingled with a hundred others all bound together in an intricate system based upon a similar plan—when, as a result of a sudden turn on the Wall street market, giving

a group of speculators momentary control of a railroad system chartered and operated under the laws of Illinois, these men are enabled to organize a holding corporation in Iowa for the purpose of owning that stock, and then to organize another holding corporation in New Jersey for the purpose of owning the stock of the Iowa corporation, and then to provide that a minority of the New Jersey stock (that, namely, which they think themselves financially strong enough to keep their grip on) shall control the New Jersey corporation—then it seems to me that public patience may be pardoned for breaking down, and demanding laws which shall prevent the manipulation in this manner of the great instrumentalities of industry and of commerce between the States. Not only does a clever use of this device enable persons in momentary stock control of some working corporation so to manipulate that, while disposing of a large part of their holdings, they may still retain for the future a power which the old tests of ability, honesty, industry and sobriety would never have enabled them to attain; not only is the control of an industry thus perpetuated in the hands of a minority who owe it to stock gambling methods; but the complexity of organization is such as effectively to keep the stockholders and investors, as well as the outside public, in ignorance of what they ought to know, and thus enable the insiders—directors and persons standing behind directors—to realize profits which they ought not to make. Nobody familiar with the financial history of to-day need be reminded of cases where profits have been left concealed in the treasuries of “sub-companies” (the humble name now given to the actual working corporations) until the ignorant stockholders, inferring from the published reports of the holding company that it is not earning even the moderate dividends which it is distributing, are ready to sell out; where when this time has arrived a sudden and mysterious “buying movement” appears upon the Stock Exchange, turning out to be a purchase by the insiders of nearly the entire stock of the holding company; where this movement is immediately followed by the organization of a new holding company which takes up the stock of the old one with bonds at double its par value, and an immense issue of its own



stock on top of the bonds; where the stock of the new holding company, although subject to the bonds, turns out to be worth two or three times as much on the market as the stock of the old company had been; and where the concealed profits in the sub-companies' treasuries then come out and justify the new valuation. More common is the case of the holding corporation declaring dividends on apparently ample net earnings, until a sudden and mysterious "selling movement" eventuates in the discovery by the stockholders that the sub-companies had themselves been paying dividends out of capital, and were immersed in floating debt. Meanwhile the original insiders are out, and the other stockholders are permitted to become insiders themselves for the purpose of meeting the debt or going into insolvency.

It is now generally agreed that publicity should be demanded from all of these large corporations. I do not mean a confidential disclosure of their transactions to Federal or State officials (a whisper that may sometimes prove more detrimental than helpful to the public interest), but a publicity which reaches to the stockholders. This of course, in the case of the large aggregations whose stock is necessarily upon the market, is practically equivalent to complete publicity. It is singular how careful legislatures and even courts have been and still are to preserve a secrecy whose traditional importance comes down to us from the days when a trading corporation was little larger than a partnership; when the interests of the directors were usually identified with its prosperity; and when its stock was not usually the football of a stock market. There is no reason why the State should now guard from the real owners of a corporation the secrets of its managers. There is no reason why it should guard the secrets of the corporation from the public. If a corporation large enough in its capitalization to be a matter of interest to the whole public is not able to compete in the open, then there is no sufficient natural demand for its existence to justify its survival. It should be permitted to go to the wall. As a corporation increases in size, the evil possibilities of secrecy increase in geometrical proportion, even when the increase in size is by simple consolidation. If it is accom-

panied by the complexity involved in a series of super-imposed holding corporations, the evil possibilities cannot easily be overstated. Yet as the holding corporation system has been developing, publicity has been diminishing. The annual report becomes a formality. The opportunities for examination even of the stock transfer book are restricted. The courts treat every inquiring stockholder with hostility, and by-laws practically prevent his examination of the corporate accounts unless he is able to establish a *prima facie* case of misfeasance which could as well be established without such examination. Other contemporaneous legislation and by-law development reduce within the narrowest limits the liability of directors, and increase the facility by which common stock may be subjected to an issue of preferred, and preferred stock to a new issue of bonds. The board of directors is classified so that it is as difficult to oust the management at an election as it is to amend the Constitution of a State. These evils are not peculiar to, but intensified in, the holding corporation.

The conditions incident to a great "trust," and particularly to a great holding corporation, are peculiarly unfavorable to the ancient and once powerful weapon of the minority stockholder—the stockholders' suit in equity for the redress of oppression and wrong. I have already alluded to the practical impediment to an action for an accounting due to the protection which legislatures and courts give to insiders' secrets. Often the most important rights of the minority stockholder, however, are lost unless they can be protected by an injunction suit. The action of the insiders must be prevented, or it will be irretrievable. When a grand stroke is contemplated by the insiders in their own interest—and within a few weeks it has been testified under oath in a court of justice that \$46,000,000 was made by them as the "rake off" in a single deal, as a result of which probably thousands of families were impoverished—the plans are laid after a long period, sometimes a year, of preparation, during which a majority of the outstanding stock is accumulated upon the market. Then suddenly the new plan—stock purchase, stock sale, lease, consolidation, bond issue, or what not—is announced, and the shortest possible time given before the stock-

holders' meeting at which it is to be passed upon. A considerable portion of ignorant stockholders can be relied upon to give their proxies blindly to the management, unless circularized by a protective committee to the contrary, and there is no time intelligently to procure the necessary information for such a circular. The expense involved in a properly conducted stockholders' suit is enormous. If questions of fact must be tried, it is prohibitory to anything but a large combination. Many are afraid to oppose the leaders of the speculating community. There are brokers whose customers would be ruined if their credit was cut off by the banks. There are business men who are subject to discrimination. They fear punishment in various ways. Some are actually threatened. Those who would naturally be willing to join in an action are not only in the dark as to the real facts, but in the dark as to where to find each other out. They lack the power to form an effective combination within the time allowed, and each stockholder separately lacks the capital requisite to a successful appeal to the courts. There is no possible way open to the complainant of getting reimbursement except by selling his stock to the defendants (which destroys the value of the suit to the other stockholders), or by speculating on the market. The institution of the suit generally causes the stock to fall in price, although the object of the suit, and its result if successful, would be largely to increase the stock's market, as well as its intrinsic value. The suit therefore is treated by the public as an injury to the company, and is correspondingly unpopular. And in fact the first suit is commonly brought by a speculator—often by a adventurer as unprincipled as the promoters whom he is suing. If well conceived and ably pressed, the latter generally settle it; and before the public have realized that it is settled, the promoters' scheme is put through and the thing is all over. Sometimes, however, the suit is collusive, or foolishly and ignorantly managed. In these cases a decision of the court is obtained which it is impossible for the wiser and more deliberate stockholders subsequently to overthrow. Whether he is right or wrong, honest or dishonest, wise or otherwise, the complainant is accused of blackmail, and a large section of the press used for the destruction of his character and the cutting off of reinforce-

ments. His witnesses may be terrorized. Himself and his counsel may be boycotted. Such contributions as he receives toward his expenses come anonymously. When he gets into open court, he is subjected like other litigants to narrow time limitation for his argument; and most of his time is used up in disproving false charges and showing his own good faith. He finds that a false atmosphere has been cast about his case; and he is unable to surmount the practical difficulties which impede his path. Of course there are notable exceptions to this general history of the stockholders' suit, where the insiders are men comparatively weak, the outsiders men comparatively strong, and the season one when the suspicions of the press and of the public have been aroused. These are now the exceptions, however, and not the rule.

Even the natural impediments to stockholders' suits, however, are not deemed sufficient by the trust magnates of to-day in the principal promoting State. Strong effort is now being annually made to procure legislation which would require the joinder as complainants of a practically impossible amount of stock, and the filing by the complainants of a bond impossibly large. Although strongly backed by the governor, the legislation has not yet been adopted, but the strength of its support shows the fact that the public are not as yet aroused to the true causes of the growth of the modern monopoly, but blindly allow them full operation while vainly endeavoring to obtain practical effects by enforcing such spectacular but inefficient remedies as the present anti-trust laws, which do not attack it until it has reached a late stage of its growth.

The right way to remove an evil is to remove its cause. Account books should be opened, not closed. It should be a criminal act for a director to speculate in the stock of his own company. He should be held as strictly to his duty as is the executor or trustee under a will. He should account to the company for all profits made by him as a result of secret information. He should be responsible for all damage caused to the investor by any prospectus, report or public statement whose issuance and whose falsity he should have known.

Furthermore, the holding corporation is the most effective instrument of over-capitalization, with the consequent injury to

the public interest. It is the favorite method of capitalizing the unearned increment coming to a public service company as a great city grows in population. As fast as the street railroad company's, or the gas company's, or the electrical company's earnings thus increase, its old stock is converted into bonds and new stock issued to represent that increment. The new stock is sold to the public, with fabulous profits for the syndicate managers. Legislative regulation of rates is then resisted on the ground that the unfortunate stockholders would lose their dividends. The State is put into a dilemma in which it ought not to be—a dilemma between doing justice to the public who have made the increment, and doing mercy to the ignorant stockholders who have invested their savings in the new stock. The profit of the promoters is unreachable.

And finally, the moral influence of these aggregations is not good. The stockholding corporation is an invention of stock speculators, and its origin and history are generally accompanied with phenomena of the stock market. The old-fashioned merchant prince, the more recent captain of actual industry, was a man with many qualities which afforded a valuable example to his fellow citizens. The multi-millionaire of gas and electricity, of street railroads, of steel and copper, performs no such function. The successful leader in an enterprise whose profit is made by shuffling corporations and dealing them in Wall street is not the most industrious or even the ablest man among his fellows. He is indeed not the most unscrupulous; but he is the man who happens to combine a certain high degree of ability with a certain fortunate balance between unscrupulousness and respectability, a balance which his disciples seek to emulate. The holding corporation tends more than any other agency to develop individual wealth in a very few individuals, for wealth is more rapidly made in turns and deals than in salaries, in dividends, or in the appreciation of genuine stock values. The fortunes thus made are not normal, and are not necessary as goals to incite human industry or ambition. Seeing the power, political, social and individual, which thus comes to a few individuals, tends to turn the public from the traditions of democracy to those of socialism.

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## SOME OF THE ISSUES OF THE RUSSO-JAPANESE CONFLICT.

THE deeper significance of the present dramatic struggle between Russia and Japan over territories belonging to neither of the contestants can not, perhaps, be understood, until we examine some of the issues at stake between them. The more fundamental of these issues, however, as in many another international crisis, seem to be oftener understood than expressed, and hence understood only vaguely, although it may fairly be said that they constitute the very forces which have with irresistible certainty brought the belligerents into collision. For Japan, the issues appear to be only partly political, but mainly economical, and perhaps no better clue to the understanding, not only of the present situation, but also, in general, of the activities at home and abroad of the Japanese people, could be found than in the study of these profound material interests.

Among the most remarkable tendencies of Japan's economic life of recent years has been the enormous increase of her population, together with a surprising growth of her trade and industries. The number of her inhabitants increased from 27,200,000, as estimated in 1828, to only 34,000,000 in 1875, but since the latter year it has risen so fast that it is to-day, roughly estimated, 46,700,000,<sup>1</sup> and is increasing now at the annual rate of 600,000. At the same time, the foreign trade of Japan has grown from 49,742,831 *yen* in 1873 to 606,637,959 *yen* in 1903. The significance of these figures must be seen in the light of the important fact that the bulk of the increase in population and trade has been due to the decisive change of the economic life of the nation from an agricultural to an industrial stage. The new population not only increases far more rapidly in the urban than in the rural districts,<sup>2</sup> but

<sup>1</sup> Exclusive of Formosa and the Pescadores, which hold nearly three million souls.

<sup>2</sup> If we consider as urban the inhabitants of communities containing each more than three thousand people, the ratio of the urban population to the rural may be estimated as 1 to 3. If only towns of more than 10,000 inhabi-

also seems to be mainly supported by commerce and manufacture. In 1903, 84.6 per cent. of the total export trade of Japan consisted of either wholly or partly manufactured articles.<sup>1</sup> On the other hand, agriculture has progressed only slowly,<sup>2</sup> and is no longer able either to support the increased population or to produce enough raw articles for the manufactures. The average annual crop of rice may be put as 210 million bushels, and that of barley, rye and wheat, collectively called *mugi*, as 94.3 million bushels, while the average annual consumption of these cereals may safely be estimated, respectively, at 228.3 and 106.7 million bushels.<sup>3</sup> Raw material and food stuffs, consisting of cotton, wool, rice, flour and starch, beans and oil cakes, the importation of all of which was next to nothing twenty years ago, were in 1903 supplied from abroad to the value of 169,600,000 *yen*, or 53.5 per cent. of the total imports of Japan.<sup>4</sup>

tants each are included in the urban class, it is seen that their population increases annually 5 or 6 per cent., while the corresponding rate with the rural communities never rises above 3 per cent. and is usually much lower. See *Japan in the Beginning of the 20th Century* (hereafter abbreviated as the *20th Century*), compiled by the Department of Agriculture and Commerce, Tokyo, 1903. Pp. 53-58.

<sup>1</sup> Or, 241,891,946 out of 285,971,623 *yen*. As the term manufacture is expansive, the articles herein included should be enumerated. They are: clothing, chemicals and drugs, metal wares, oil and wax, paper, cotton yarn and fabrics, raw and woven silks, tobacco, and sundries. Teas, grain, marine products and other foodstuffs, and furs, as well as re-exported articles, are excluded. See the *Kwampō* (Official Gazette of Japan), No. 6199 (March 4, 1904), p. 77, table 7.

<sup>2</sup> The crop of rice has increased since 1877 from 26.6 million to about 42 million *koku*; that of barley, rye and wheat, from 9.6 million to 19 million *koku*. But the increase has been due more to the improved cultivation than to the extension of acreage. Although the wheat, barley and rye land has grown from 2.35 million in 1877 to 4.43 million acres in 1901, the rice land has increased from 6,517,000 to only 6,982,000 acres. The crops of hemp and rape are stationary, while those of sugar, cotton and indigo have largely fallen off. (These figures have been converted from those in the *20th Century*, pp. 119 ff. One *koku* dry is equivalent to 4.9629 bushels.)

<sup>3</sup> In years of poor crops, the importation of rice, wheat and flour amounts to large figures; as, for instance, in 1903, they together were imported to the value of about 67 million *yen*. Our figures in this section have been worked out from the *Kokumin Shimbum* (hereafter abbreviated as the *Kokumin*) of Feb. 5, 10 and 19, 1904.

<sup>4</sup> If sugar is added to the list, the figures will go up to more than 190 million *yen*, or 60 per cent. of the entire import trade.

Nor does agriculture occupy in the national finances the position it once did, for, in 1875 the land tax, the incidence of which fell, as it still falls, very largely on the farmer, supplies 78 per cent. of the total revenue of the state, while the percentage fell, in the estimated budget for the fiscal year 1902-3, to 15, the actual amount also decreasing during the interval from 67.7 to 46.8 million *yen*, and the expenditures of the government, on the other hand, increasing from 73.4 million in 1874, to the enormous figure of 282.4 million *yen* in 1902-3.<sup>1</sup>

No one can say a cheerful word about agriculture in Japan or the life of her farmer. Exclusive of Formosa, the development of which seems to lie in the direction of industry and trade rather than agriculture, less than 13,000,000 acres are under cultivation,<sup>2</sup> or, about 13 per cent. of the extent of the country, while the arable area of the land cannot possibly be increased by more than 10,500,000 acres,<sup>3</sup> so that the *per capita* share of arable land is less than one-half of an acre,<sup>4</sup> which is even below the corresponding rate in England and less than one-half of that in China. Japan's agricultural life can, however, be no more intensively improved than extensively enlarged. The sedimentary soil so well adapted to the rice cultivation and so abundantly blessed with moisture<sup>5</sup> is too minutely

<sup>1</sup> The *Financial and Economical Annual of Japan* (hereafter abbreviated as the *Annual*), No. III, issued by the Department of Finance, Tokyo, 1903. See pp. 9 and 18.

<sup>2</sup> Or, less than 7,000,000 acres of wet fields and less than 6,000,000 of upland fields, the latter including mulberry and tea gardens, besides fields for *mugi*, pulse and vegetables. Based on the *20th Century*, pp. 95 ff.

<sup>3</sup> This figure includes, however, all the land inclined at angles less than 15°, so that, from the practical point of view, it may be considered as highly exaggerated. The actual extent of the reclamation of wild land advances at a slow pace outside of the still largely undeveloped island of Hokkaidō. See *ibid.*, 95-6, 104.

<sup>4</sup> Or, about 23 million acres for nearly 47 million people. If we take only the land under cultivation, on the one hand, and only the farming population, on the other, the ratio still remains the same, for then we have 13,000,000 acres for 28,000,000 people. The aggregate of the capital involved in the agriculture of Japan, including the value of land, buildings, implements and live stock, is estimated at 7,400,000,000 *yen*, while the annual crops return about 1,000,000,000 *yen*. See the *20th Century*, 105-6.

<sup>5</sup> The annual rainfall of Japan Proper averages between 1300 mm. at Awomori and 2040 mm. at Kagoshima. A fairly rich sedimentary formation



and carefully tilled, the climatic conditions are too cleverly made use of,<sup>1</sup> and, above all, the lots of land are too diminutive,<sup>2</sup> to make the importation of new machinery and methods always profitable or desirable.<sup>3</sup> The day-laborers on the farm receive wages ranging between nine and fifteen cents, though the latter have risen more than 100 per cent. during the last fifteen years.<sup>4</sup> With this meagre income some of the laborers have to support their aged parents, wives, and children. The tenants, whose number bears the ratio of about two to one<sup>5</sup> to that of the proprietors, live literally from hand to mouth, and cannot always afford even the necessary manure, and the proprietor's profit hardly rises above 5 per cent., while the capital he employs pays an interest of 15 to 30 per cent.<sup>6</sup> and his local and central taxes further reduce his income. The farmer would in many cases be unable to subsist, were it not possible for him, as it fortunately is, to try his hand at silk-culture or some other subsidiary occupation.

of soil is found everywhere, owing to the hilly nature of the country and the short and rapid current of the rivers.

<sup>1</sup> Wherever possible, the farmer contrives to raise more than one crop on his land in different seasons during the year. In fact, more than 30 per cent. of rice land yields other crops besides rice, at places *mugi*, indigo, beans and rape being cultivated on the same piece of land.

<sup>2</sup> More than half of the wet fields of the country consist of lots smaller than one-eighth acre, and nearly three-fourths are each less than one-quarter acre. The average size of the lots outside of Formosa and Hokkaidō is put down as  $\frac{1}{10}$  acre for wet fields and  $\frac{1}{100}$  acre for upland fields.

<sup>3</sup> Compare the report of the U. S. Consul-General Bellows at Yokohama in the U. S. *Consular Reports*, advanced sheets, No. 1757 (Sept. 24, 1903). In addition to the conditions here enumerated, it must be remembered that there exists little or no pasture land in Japan, and that nearly all the labor is done by hand, there being only 1,500,000 horses and 1,300,000 horned animals in the country. See the *20th Century*, chapters on agriculture; the *Annual*, No. III, tables x-xiii; J. J. Rein's *Industries of Japan*, English translation, New York, 1889, chapters on agriculture; and H. Dumolard's *Le Japon politique, économique et social*, Paris, 1903, pp. 109-21.

<sup>4</sup> The *20th Century*, 117. Dumolard, 112-3.

<sup>5</sup> This ratio includes, however, in the tenant class those farmers who are partly lessees and partly proprietors of small lots. In 1888, the ratio between (1) independent farmers, (2) partly lessees, and (3) entirely lessees, was 147:200:95. Since that time the ratio must have grown in favor of the tenants. See the *20th Century*, 90.

<sup>6</sup> See the U. S. *Consular Reports*, advance sheets, No. 1529 (Dec. 26, 1902).

Under these circumstances, it is becoming more evident every year that the time is forever past when the nation could rely solely upon agriculture for subsistence. It is hardly necessary to repeat the well-known law of population that every advance in the economic life of a nation creates a situation which is capable of supporting a larger population than in the preceding stage. What agriculture cannot support industry and trade may. Japan's growing population may only be supported, as it has already begun to be, by an increased importation of raw material and food stuffs and an increased exportation of manufactures. Trade statistics unmistakably show that such markets for her manufactures and such supply regions of her raw and food articles are found primarily in East Asia, with which the commercial relations of Japan have grown 543 per cent. since 1890, as compared with the 161 per cent.<sup>1</sup> increase of the American and the 190 per cent. increase of the European trade,<sup>2</sup> until the East Asiatic trade amounted in 1903 to 295,940,000 *yen* in value, or 48.7 per cent. of the entire foreign trade of Japan.<sup>3</sup> Should the markets of East Asia be closed, Japan's national life would be paralyzed, as her growing population would be largely

<sup>1</sup> In 1903 Japan's American trade was much below that of 1902. The latter showed an increase of 362 per cent. over 1890.

<sup>2</sup> The actual figures were:

	European.	American.	Asiatic.
1890 .....	57,200,000 <i>yen</i>	36,700,000 <i>yen</i>	45,700,000 <i>yen</i>
1903 .....	166,900,000 "	95,900,000 "	295,900,000 "

<sup>3</sup> In East Asia are included Korea, China, Hong-kong, British India, French Indo-China, Dutch East Indies, the Straits Settlements, Siam, the Philippines, and Russian Eastern Asia. If Hong-kong, an essentially transit-trade port, is excluded, the East Asiatic trade of Japan amounts to 264,476,239 *yen*, or 43.6 per cent. of the entire foreign trade of Japan. See the *Kwampō* (Official Gazette of Japan), No. 6199 (March 4, 1904), p. 74, table 4.

Of the three great divisions of Japan's markets, Europe sells her machineries and articles of general consumption and buys in return such peculiar products of her soil as silks and teas. East Asia, including India and the southern islands, takes coal and manufactured goods in general and furnishes cotton, food stuffs and other articles of more direct need than the European goods. America occupies a unique position in regard to Japan, as it combines, to a large extent, the peculiarities of both Europe and East Asia: it exports to Japan cotton and flour, besides machinery and goods of general consumption, and imports from her, not only raw silk and tea, but also smaller manufactured articles.

deprived of its food and occupation.<sup>1</sup> These markets, then, must be left open, if Japan would exist as a growing nation. Observe here the tremendous significance for Japan of the principle of the open door as applied to East Asia.

In this great problem Manchuria and Korea occupy, perhaps, the most important position, for they together receive a large portion of the cotton yarn and cotton textiles exported from Japan,<sup>2</sup> besides several other manufactured goods and coal, and

<sup>1</sup> The following table gives a comparison of the importation in the years 1882, 1902 and 1903, of what may be considered as primarily East Asiatic products:

	1882	1902	1903
Cotton .....	467,249 yen	79,784,772 yen	69,517,894 yen
Wool .....		3,397,564	4,811,811
Rice .....	134,838	17,750,817	51,960,033
Wheat .....		240,050	4,767,832
Flour .....		3,278,324	10,324,415
Beans .....		4,956,000	7,993,411
Oil cakes .....	44,468	10,121,712	10,739,359

Oil cakes are used as manure. As to rice, wheat and flour, it is unnecessary to say that their importation depends largely upon the conditions of the crop at home.

<sup>2</sup> It is extremely difficult from the material on hand to estimate the exact rate the import of these articles from Japan into Korea and Manchuria bears to their total import from all nations. In the case of Korea, we can make only an approximate estimate, as we possess both the export values in Japan and import values in Korea, but with regard to Manchuria, we know only the quantities, but not the values, of the cotton goods imported. By assuming, however, that 40 per cent. of these goods imported by the Chinese Empire from Japan go to North China (of which Manchuria is here considered by far the most important part), it may be said roughly, that in 1903 about 6 per cent. of the cotton yarn exported from Japan went to Korea and perhaps 40 per cent. to North China. The average import of this article during the past two years was probably 1,200,000 yen in Korea and 8,000,000 yen in North China, making the total about 36 per cent. of the export value in Japan. On the same basis of calculation, the average importation of cotton textiles from Japan during the past three years was 3,190,000 yen in Korea and 765,000 yen in North China, or about 69.5 per cent. of the entire export of these articles from Japan. These figures are only tentative, but may serve to show that Manchuria receives comparatively much yarn and Korea much textiles, and that they together receive at least a large percentage of those articles exported by Japan, where their manufacture occupies an increasingly important position in her economic life. Consult the British *Diplomatic and Consular Reports*, Annual Series, Nos. 2995 and 2999; the U. S. *Monthly Summary of Commerce and Finance*, January, 1904, pp. 2410-1; the *Kokumin*, September 19-21, 1901; Minister Kiyoura's address before the Osaka Chamber of Commerce, February, 1904.

in return supply Japan with much of the wheat<sup>1</sup> and rice,<sup>2</sup> and

<sup>1</sup>Wheat is only beginning to be cultivated in Manchuria, while the rice cultivation is there practically unknown except in a few places near the Korean border, where during the campaign of 1894-5 the Japanese troops introduced it. The importance that Korea occupies in the importing of wheat into Japan will be seen from the following table:

Wheat imported into Japan, 1898-1902, { <i>kin</i> =1,325 lbs. av. <i>yen</i> =49.8 cents.					
From	1898	1899	1900	1901	1902
Australia... {			4,339,845 143,260	5,554,513 185,274	18,423 721
Korea..... {	2,770,755 72,698	1,668,207 71,764	5,182,533 132,734	1,644,577 43,875	8,556,813 237,217
Great Britain... {			457,450 15,502		
The United States.... {	2,039,371 71,173	395,009 14,697	12,370,022 400,829	1,388,372 43,720	864 43
Other countries. {	1,560 41	990 27	547 14		77,343 2,069
Total ..... {	4,811,686 143,913	2,064,206 86,489	22,350,397 692,341	8,587,462 272,869	8,653,443 240,050

The figures were taken from the *Monthly Summary of Commerce and Finance of the United States* for February, 1904, p. 3006. A glance will show that the import trade of wheat, like that of rice, is dependent on many fluctuating conditions at home and abroad. The poor crop in Japan caused an enormous importation of wheat in 1903 to the value of 4,767,000 *yen*. From the above table, it is seen that Korea supplied during the five years, respectively, 57.5, 80.7, 23.1, 19.1, and 98.8 per cent., in weight, of the wheat imported into Japan.

<sup>2</sup>From the following table, it will be noted that in the five years between 1898 and 1902 Korea supplied, respectively, 5.5, 26.5, 49.4, 46.8, and 19.8 per cent. in weight of the rice imported into Japan.

Rice imported into Japan, 1898-1902, { <i>picul</i> =133½ lbs. av. <i>yen</i> =49.8 cents.					
From	1898	1899	1900	1901	1902
British India .... {	2,663,087 11,642,416	53,827 174,507	249,344 973,747	220,650 876,057	1,793,362 7,530,356
China..... {	967,216 3,989,422	60,323 231,625	83,998 327,673	227,234 867,272	90,401 341,689
Korea..... {	649,570 2,704,887	436,716 1,689,909	1,131,787 4,694,166	1,456,661 6,009,641	891,186 3,961,312
Dutch Indies .... {			403 1,816		
French India .... {	6,445,390 25,762,726	956,142 3,354,095	726,859 2,739,752	919,774 3,199,420	1,324,789 4,651,395



Japan;<sup>1</sup> and, in Manchuria, Japan controlled in 1902 more than 40 per cent. of the shipping tonnage,<sup>2</sup> besides nearly 40 per cent.<sup>3</sup> of the direct import trade and over 90 per cent.<sup>4</sup> of the export

<sup>1</sup>The Korean trade of Japan increased rapidly after the China-Japan war of 1894-5, when the Chinese merchants withdrew from Korea and were replaced by the Japanese traders. It is feared that the present war between Russia and Japan might result in Japan's losing much of her control of the Korean trade, as the foreign competitors would be eager to take advantage of any relaxation of effort on the part of the Japanese merchants.

Different ports of Korea have of course different characteristics regarding their trade with Japan: as, for instance, at Chemulpo the Chinese merchants still enjoy a considerable share in the import trade; at Seoul nearly all the export consists of gold bullion, which is almost exclusively bought by the branch of the First Bank of Japan; while at Fusan and Mokpo the Japanese monopoly of trade is almost complete. With these variations, however, the Japanese merchants control the major part of the trade of each port and consequently of the entire trade of Korea. They also carry a large amount of foreign goods to Korea, as seen in the following table:

	Japanese goods.	Foreign goods.
1902 .....	9,344,850 yen	1,209,332 yen
1901 .....	10,410,563	961,897
1900 .....	9,423,821	529,450

—The *Kokumin*, Jan. 30, 1904.

The shipping also is largely in the hands of the Japanese. In 1902 their share in the Korean shipping was as follows:

	Vessels.	Tonnage.
Korean .....	27.2 per cent.	14.3 per cent.
Japanese .....	62.6	75.6
Russian .....	2.1	8.1
Others .....	8.0	2.0

Since that time both the number of vessels and the frequency of their navigation have been not a little increased by the shipping companies of Japan.

<sup>2</sup>Of the 646 vessels, aggregating 538,349 tons, entered at and cleared from Niuchwang in 1902, the Japanese had 298 vessels and 231,857 tons, the British had 175 vessels and 175,252 tons, the Chinese had 80 vessels and 54,463 tons, followed by the German, Norwegian and Dutch. The Russians could show only 3 vessels and 1,223 tons, which was below their record for 1901 and less than one-half of the average of the five years 1896, 1897, 1898, 1899 and 1901.—The British *Diplomatic and Consular Reports*, Annual Series, No. 2999, p. 9.

	<sup>3</sup> Exports (Japan).		Imports (Japan).	
1901.....	1,080,345 l.	( 970,663 l.)	635,085 l.	(247,624 l.)
1902.....	1,137,429	(1,041,395)	695,020	(280,843)
Average five years.				
1896-99 and 1891 ...	965,553	( 880,917)	433,811	(131,143)

—*Ibid.*, p. 8.

<sup>4</sup>The direct import trade of any trading nation at Niuchwang does not represent the actual amount of the articles imported from the country of

trade at Niuchwang, which was then the only port in Manchuria open under the ordinary customs rules. It should also be remembered that both the Korean and Manchurian trade is of recent origin,<sup>1</sup> and its rapid growth has been largely due to the increasing trade activity of Japan,<sup>2</sup> so that the history of the past suggests the probable development in the future. There is every reason to believe that, with a reformed system of currency and improved and extended cultivation of land and means of transportation, the trade of these two regions will show a tremendous increase.

Korea and Manchuria, however, should remain open, not only for the trade, but also for the emigration and industrial enterprise of the Japanese people. Since 1902 no passports have been required for travelers from Japan to Korea, whither, in spite of the occasional obstacles placed in their way by Korean

that nation, for most of the foreign goods come to Niuchwang through some other distributing centres in China, such as Hong-kong or Shanghai. The Japanese goods, however, are nearly all carried by Japanese vessels. On the contrary, the American imports, besides jeans, drills, sheetings, kerosenes and flour, are not specified in the customs returns of Niuchwang, and consequently their nominal figures are insignificant (7,396 *l.* in 1901 and 4089 *l.* in 1902), while Hong-kong, through which most of the American goods are imported into Niuchwang, showed, in 1902, 385,302 *l.*, or 55 per cent. of the entire direct trade. On the other hand, the estimate made by the Bureau of Statistics, Department of Commerce and Labor, Washington, showing 18,000,000 haikwan talls for the *real* import of American goods into Niuchwang, seems to be pretty liberal. See British *D. and C. Reports*, annual series 2,999, p. 8, and the U. S. *Monthly Summary of Commerce and Finance*, January, 1904, p. 2328.

<sup>1</sup> Niuchwang was opened as a treaty port in 1858, but its commercial importance may be said to date from 1899. Korea's foreign trade did not begin till 1884, and it exceeded 10,000,000 *yen* for the first time in 1895.

<sup>2</sup> In the case of Niuchwang, the growth of its import trade has been as largely owing to the energy of the Americans as the development of its export business has been due to Japanese activity. As regards the Korean trade, the following table will speak for itself:

	Korean trade in merchandise.	Korean export of gold.	Total.	Japan-Korea trade.
1897 .....	19,041,000 <i>yen</i>	2,034,000 <i>yen</i>	21,075,000 <i>yen</i>	14,061,000 <i>yen</i>
1898 .....	17,527,000	2,375,000	19,902,000	10,641,000
1899 .....	15,225,000	2,933,000	18,158,000	11,972,000
1900 .....	20,380,000	3,633,000	24,013,000	18,759,000
1901 .....	23,158,000	4,993,000	28,151,000	21,425,000
1902 .....	(22,280,000)	?	?	18,512,000
1903 .....	?	?	?	20,676,000

officials, the emigrants have proceeded, now for years, in increasing numbers, until there resided in 1903 nearly thirty thousand Japanese in the Peninsula.<sup>1</sup> They migrate thither, not singly, like the Chinese, but often in families,<sup>2</sup> so that their settlements assume there a normal and permanent character unseen even in the Japanese island of Formosa. Nor are these colonists mere laborers like their brethren in Manchuria and the Hawaiian Islands, but for the most part independent men of business. They also naturally manifest a stronger sense of kinship and coöperation in Korea than the merchants and capitalists do in Japan. In several Korean towns these Japanese settlers have established their own municipalities, with modern improvements, chambers of commerce, police and public schools, all of which compare favorably with those of the larger cities in Japan, and the advantages of which are enjoyed by native Koreans and resident Chinese. It is said that in some places the influx of the Japanese and their investments have caused a rise in the price of land and house rent.<sup>3</sup> In Fusan, the port nearest to Japan, the 10,000 Japanese who live there own large tracts of land and occupy the main sections of the city. Here and everywhere else the Japanese colonists seem to hold a position similar to that of the foreigners living in the so-called settlements in the larger treaty ports of China. Tourists are wont to contrast the clean and well-ordered streets and the general energetic appearance of the Japanese quarters in Korean cities with the comparatively filthy and slothful Korean quarters. The branches of the First Bank of Japan have been issuing recently

<sup>1</sup> In July, 1903, there were besides soldiers, 26,705 Japanese in the eight treaty ports and Seoul and Pingyang. To these must be added about 4,000, who lived on some islands and places outside of the treaty ports. See the *Dōbun-kwai Hōkoku* (Report of the Dōbun Association), No. 41, pp. 95-6, and the *Tsūshō Isan* for October 18, 1903, pp. 29-47.

<sup>2</sup> In July, 1903, of the 26,645 Japanese in Korea, 15,442 were men and 11,203 women. It may be noted, in passing, that, in the case of Manchuria, a great majority of the Japanese women residing there are not the wives of the male settlers, and hence the comparative numbers of men and women there should not lead us to a similar conclusion as in Korea. This part of the problem of Japanese emigration opens up an interesting social question, which it is hardly necessary for us to discuss here.

<sup>3</sup> From the legal standpoint, the Japanese have no right, outside of the treaty settlements, to live or buy land.



one-, five- and ten-yen banknotes,<sup>1</sup> which have been of immense value to the foreign trade in Korea, the native currency of which is in a deplorable condition.<sup>2</sup> The coasting and river navigation, so far as it concerns foreign trade, is largely controlled by the Japanese, who, besides, own the only railway line in operation in Korea, twenty-six miles long, running between the capital, Seoul, and its port Chemulpo,<sup>3</sup> and, under the management of substantially the same company, are building<sup>4</sup> another and longer line—two hundred and eighty-seven miles—between Seoul and the port of Fusan, which passes through the richer and economically by far the more important half of the Peninsula.<sup>5</sup> It is

<sup>1</sup> On February 28, 1903, there were about 598,000 yen of these notes in circulation against a reserve of 527,700 yen. The Russians at Seoul have more than tried, though unsuccessfully, to induce the Korean Government to suppress the issue of the notes.

<sup>2</sup> The nickel coins of Korea have been so debased and so much counterfeited that they are at a discount of more than 100 per cent.

<sup>3</sup> The right of building this line was originally granted by the Korean Government to Mr. Morse, an American citizen, in March, 1896, who, however, sold it to a Japanese syndicate in November, 1898, and handed over to the latter the line before it was completed. The whole line was in working order in July, 1899.

<sup>4</sup> Actual work was begun in August, 1901, but Japan's want of capital was such that by the first of December, 1903, only thirty-one miles from both ends had been built. In view of the immense economic and strategic importance of the line, the Japanese Government, which had for a certain period of time guaranteed 6 per cent. annual interest on 25,000,000 yen, which was fixed as the minimum capital of the company, now further promoted its work by liberal measures, so as to make it possible for the company to complete the line before the end of the present year. Both the Korean and Japanese Imperial Houses own shares of the company.

<sup>5</sup> The line passes through the richest and most populous four provinces of Korea, which comprise nearly seven-tenths of all the houses in the empire, and cover more than five-sevenths of the cultivated area of the country, with considerable capacity for future cultivation and improvement. The road also connects places to which the Koreans flock from neighboring regions for the periodical fairs held there. These fairs occur six times each month, held alternately in different places, besides great annual fairs in large cities. Among the thirty-nine stations of this railroad, six will be daily seen holding fairs, for which the traffic of passengers and merchandise through the road will be considerable. It is safe to say that five-sevenths of the entire Korean foreign trade belong to the sphere controlled by this line, and also that nearly all of this trade is in reality the fast growing Japan-Korea trade. The effect of the completion of the line upon this trade will be tremendous. See Mr. J. Shinoba's *Kan Hanto* ("The Korean Peninsula"), Tokio, 1901.

not impossible to suppose that the Japanese people will succeed in their efforts to secure the right of extending this line beyond Seoul up to Wiju on the northern border,<sup>1</sup> and thence ultimately connecting it with the Eastern Chinese and the Peking-Shanhaikwan-Sinminting Railways, so as to render the connection by rail between Fusan and China and Europe complete.<sup>2</sup> The Mitsui Produce Company, another Japanese concern, monopolized the export of Korean ginseng, and, in 1903, despite the competition of the Russian Baron Gunzburg,<sup>3</sup> succeeded in extending the term of the monopoly for five years. Twenty to forty thousand Japanese fishermen along the Korean coast report an annual catch amounting sometimes to large figures.

No part of Korea's economic life, however, would seem to be of greater importance to her own future, or to depend more closely upon the enterprise of the Japanese settlers, than her agriculture. If it is remembered that nearly all her exports consist of agricultural products, and also that they largely supply the needs of Japan, we can readily comprehend the great community of interest<sup>4</sup> felt by both countries in the agriculture of the Peninsula. We shall presently note also that, owing to the peculiar circumstances prevailing in Korea, her purchasing power and general commercial activity are so completely ruled by the conditions of her weather and crop as is seldom the case

<sup>1</sup> The French have an agreement with the Korean Government regarding a Seoul-Fusan railway. The Seoul Government would build it with its own money, and the French would furnish engineers and material. Not a mile of rail has been laid by the impecunious Government, and the present war is rapidly changing the entire situation. A Japanese railway for strategic purposes has already been started from Seoul northward.

<sup>2</sup> It was one of the propositions from Japan to Russia during the long negotiations between them which have ended in the present war, that Russia should not impede Japan's possible attempt in the future to extend the Fusan-Seul Railway in the manner above described.

<sup>3</sup> A promoter of Russian interests in Korea, and to all intents and purposes a semi-official diplomat for Russia, living at Seoul and observing the political barometer of the Court at close range. Another person, perhaps less known to the outside world, but far more influential at Court, was a woman, Fräulein Sonntag, sister of the wife of the ex-Russian Minister Waeber at Seoul.

<sup>4</sup> It is remarkable that the production of cereals and beans (respectively about 8 and 4 million *kokw*) in Korea has grown to its present dimensions largely owing to the stimulus given to it by the increased demand for these articles in Japan.—The *Kokumin*, January 15, 1904.

with other agricultural nations.<sup>1</sup> Upon the state of her agriculture, then, must depend the trade conditions of Korea, as well as most of her material strength and much of that of Japan. From this it is plain that the profound community of interest of the two nations calls for both the extension and the improvement of the agriculture of Korea. It is estimated that the extent of her land under cultivation is hardly more than 4,500,000 acres, or about 8.5 per cent. of the 82,000 square miles known as the total area of the country, and that there exist at least 3,500,000 more acres of arable land which would be fully capable of sustaining five or six millions of new population, and would increase the annual crops of the land by not less than 150,000,000 *yen*.<sup>2</sup> The cultivation of these three and a half million acres of waste land may most naturally be undertaken by the superior energy and industry<sup>3</sup> of the Japanese settlers, who are already paying considerable attention, particularly in the southern half of the Peninsula, to this important branch of enterprise.<sup>4</sup> Not less important than the cultivation of new land is the

<sup>1</sup> In Korea, the people are comparatively happy in good years, while in bad years they are reduced to great miseries and bandits infest all parts of the country. Such a sharp change of the entire condition of the nation according as to the state of the yearly crops is seldom seen in other countries. Some of the reasons for this important situation will be discussed later.

<sup>2</sup> Calculated from the data given in the *Kokumin* for January 8, 1904. The official census of Korea for 1902 gives a population of 5,782,806, but, assuming that there live 145 people per square mile, which is one-half the density of the population in China, the Korean population cannot be much below 12,000,000. The official record of the land under cultivation is also untrustworthy for institutional reasons not necessary to mention here.

<sup>3</sup> The notorious laziness of the Koreans, however, is not without extenuating circumstances, for the still more notorious corruption of officials constantly assumes the form, among others, of irregular but exhaustive exactions, so that it becomes unwise for the peasant to bestir himself and earn surplus wealth only to be fleeced by the officials. His idleness has now for centuries been forced, until it has become an agreeable habit.

<sup>4</sup> Foreigners have no right to buy land outside of treaty settlements, but, in fact, the Japanese have been buying land extensively, and no purchase has ever been cancelled. Officials sometimes interfere, but at other times they, too, sell their own land. Foreigners, of course, have the right of superficies and perpetual lease. As most of the land in Korea is under the ownership of nobles living in Seoul, the more impecunious of their class are willing to sell their land which they do not till with their own hands and from which rents are ill paid. The price of land varies from place to place, but waste land

improvement of old land in Korea, where the art of husbandry is far less advanced than in either China or Japan. Lots are marked out carelessly, improvements are crude, and the manure most universally used is dried grass. The great rivers with all their numerous ramifications are hardly utilized for the purpose of irrigation, and the forests have been mercilessly denuded for fuel and in order to forestall the requisition of the government, which formerly used to order without compensation the cutting and transporting of trees by their owners, so that a slight drought or excess of rain works frightful disasters upon agriculture. Another serious effect of the absence of a good system of irrigation is the comparative want of rice land, which always requires a most careful use of water.<sup>1</sup> These conditions are all the more to be regretted, when it is seen that the soil is generally fair and the climate favorable. The cultivation of rice is said to have been first taught by the Japanese invaders toward the end of the sixteenth century, and yet, with all their primitive method, the Koreans are already exporting rice to the value of three or four million *yen*. Sericulture is still in its infancy, while tea, cotton, hemp, sugar, and various fruits are all declared to be tolerably well suited to the soil. The Japanese farmer finds here, particularly in the south, a climate and general surroundings very similar to his own, and otherwise eminently agreeable to his habits, and, along with the application of his superior methods of cultivation, irrigation and forestry, the common interests of his country and Korea are bound to develop with great rapidity. The progress of agriculture would also gradually lead the Koreans into the beginnings of an industrial life, while the expanding systems of railways and banking would be at once cause and effect of the industrial growth of the nation. Another inevitable result would be the development

is sold at two to twelve *yen* per acre, and cultivated tracts at twenty to one hundred and twenty-three *yen*. It is said that there is an agreement between the Korean Government and the Seoul-Fusan Railway Company that the latter may lease 200,000 *tsubo* ( $163\frac{1}{3}$  acres) of land at each one of the thirty-nine depots of the railroad. Around Kunsan the Japanese already hold nearly 1,300 acres. See the *Kokumin*, Jan. 1, 13 and 17, 1904, and the *Tsūshō Isan* for Nov. 8, 1903.

<sup>1</sup> See the *Tsūshō Isan* for August 3, 1903, and the *Kokumin* for January 7, 15 and 16, 1904.

of the economic sense and the saving capacity of the Korean, the latter of which has had little opportunity to grow, not so much because of his small wage and high rent and interest, as because of the onerous, irregular local dues and the systematic exactions in various forms by the officials.<sup>1</sup> An advanced economic life, itself necessitating a reform of the official organization, would at least make it possible for the peasant to work, earn, and save. Simultaneously and in an increasing degree would his wants, as well as his purchasing power, increase. Around the progress of Korea's agriculture, then, must be built all other measures of her growth and power, as, for instance, transportation, industries, trade and commerce, finance, political reform, and military strength. In no other way can we conceive of the possibility of her effective independence, the cause of which has cost Japan and is now costing her so dearly. In no other light can we interpret the Korean sovereignty under the assistance of Japan.

In regard to Manchuria, where the chances for development are far vaster, the Japanese people do not possess there as large vested interests, but entertain as great expectations for its future settlement and industry, as in Korea.<sup>2</sup> It was esti-

<sup>1</sup> The rent is of two kinds: either to be decided anew each year after the harvest or to deliver to the proprietor 50 per cent. of the crop. It should always be remembered that a large majority of actual cultivators are tenants, the proprietors being limited to a small class of rich men, officers and nobles. The daily wage of the laborer on the farm averages 20 sen, but it is usually paid in kind, as are debts and repayments in many cases. The standard of life of the Korean farmer is perhaps lower than that of the Japanese, but apparently not less comfortable. The national land tax is said to be mild and largely discarded, but the house tax, special tax, local tax, and the like, bring up the dues of the farmer sometimes to an unendurable extent. The tenant, after paying his rent and other charges, is obliged to sell what little rice is left to him at the earliest opportunity, so that he henceforth becomes a buyer of rice, and consequently has little to buy other articles with, and still less to save, until his spring harvest of wheat comes in. Woe betide him when both the rice and the wheat crops fail! See the *Kokumin*, Jan. 13 and 14, 1904, and the *Tsūshō Isan* for August 3, 1903, p. 21.

<sup>2</sup> The recent increase of the production of millet in Manchuria may be said to be entirely due to the Japanese trade at Niuchwang. Of the three staple products of western Manchuria, tall millet is consumed by the natives, and beans are partly consumed and partly exported, while millet is cultivated purely for the purpose of exportation. It began to be exported to Korea in

mated before the present war that there resided more than ten thousand Japanese in Manchuria, who were either under the employment of Russian authorities in public works along the railway, or engaged in such small occupations as laundry work, photographing and hair-dressing,<sup>1</sup> while many of the Japanese women, whose numbers in many a town preponderated over those of men, had been allured by unscrupulous parties who consigned them to disreputable occupations. Merchants and business men of greater capital and resources would be, as they often have been, attracted to Manchuria, were it not for the exclusive, and, in the hands of some of their officials, arbitrary, measures of the Russians.<sup>2</sup> Under normal conditions of peace, the immensely greater resources of Manchuria, and the much

August, 1901, and to Japan in 1902. Since the latter year, Japan's demand for millet has steadily increased, and has caused a considerable rise in its price at Niuchwang. The cultivation of millet, therefore, is a pure gain that has been created by the trade relations of Manchuria with Japan. See the *Tsūshō Isan* for Jan. 22, 1903, pp. 10-11.

Far more important than millet as articles for exportation are beans and bean cakes. The entire trade conditions at Niuchwang may be said to depend upon the amount of the sale of these articles. The more they are sold, the greater is the importing capacity of the people of Manchuria. The nation which buys beans and bean-cakes in the largest quantities naturally commands the greatest facility in pushing their imports into Niuchwang. The exportation of these goods doubled during the ten years between 1889 and 1898, while the amount of the bean production in Manchuria for 1900 was estimated at between 1,930,000 and 2,450,000 *kokū*. Both the production and the exportation must now be much greater. The increase was due in the main to the growing demand in Japan for beans and bean-cakes, as witness the following ratios of exports to China and Japan from Niuchwang:

	Beans.		Bean-cakes.	
	To China.	To Japan.	To China.	To Japan.
1889.....	98 per cent.	2 per cent.	95.8 per cent	4.2 per cent.
1893.....	67.5 "	32.5 "	68.3 "	31.7 "
1897.....	60.7 "	39.3 "	50.2 "	49.8 "

In 1903 the ratios must have been much greater for Japan than for China. The increasing demand for these products has induced many Chinese to migrate from Shantung to southern and western Manchuria and cultivate beans. See the *Toyo Keisai Zasshi* ("Oriental Economist"), No. 165 (July 15, 1900) and No. 244 (Sept. 25, 1902).

<sup>1</sup> An address by Mr. G. Hirose, a competent eye-witness, in the *Dōbun-kuwai Hōkoku*, No. 48, Nov., 1903, pp. 15 ff.

<sup>2</sup> The same speaker refers to a Japanese capitalist who started a lumber business in Kirin Province and another who discovered coal deposits near

greater productiveness of its people,<sup>1</sup> would seem to promise for Japan even a more important economic future there than in Korea.

In summing up our preceding discussion, it may be stated that the natural growth or unnatural decay of the Japanese nation will greatly depend—ever more greatly than it now does—upon whether Manchuria and Korea remain open or are closed to its trade, colonization and economic enterprise; and that, in her imperative desire for the open door, Japan's wish largely coincides with that of the European and American countries, except Russia, whose over-production calls for an open market in the East.

Thus far we have discussed only Japan's side of the economic problem in Manchuria and Korea. Passing to Russia's side, it is seen that her vested interests in Manchuria are as enormous as her commercial success there has been small. The building of the Eastern Chinese railway has cost the incredible sum of 270 million rubles, making the average cost per verst more

Harbin and began to mine it, but both of whom, in spite of the permits they had received from the Chinese authorities by regular process, were driven away arbitrarily under threats of the Russian military. *Ibid.*, pp. 21-22.

<sup>1</sup>The so-called Manchus, the original inhabitants of Manchuria, have migrated to China Proper, which they conquered during the seventeenth century. The present inhabitants of Manchuria are immigrant Chinese, whose greater economic capacity has been rapidly developing this immensely rich territory. It would be interesting to know whether the Russian occupation of Manchuria and the construction of its railway increased or decreased Chinese immigration and the consequent development of Manchurian resources. The reader is referred to the following opinion of the able United States Consul at Niuchwang, Mr. H. B. Miller: "United States trade in Manchuria with the Chinese," says he in his report dated Dec. 5, 1903, "amounted to several millions of dollars per year and was almost entirely imports. It had grown very fast and would have had an extended and most substantial increase without the Russian development, for the country was being improved and extensively developed with a continual immigration from other provinces in China, before the railway construction began."—The U. S. daily *Consular Reports*, Feb. 15, 1904 (No. 1877), p. 11. The Consul's opinion does not directly answer our question, as it is his purpose to show that the American trade in Manchuria would have grown faster under the Chinese rule than under the Russian, whose policy he thinks is exclusive, and not that the progress of Manchuria would have been either more or less satisfactory without the Russian occupation.

than 113,000 rubles,<sup>1</sup> or over \$87,000 per mile, besides 70,000,000 rubles lost and expended during the Boxer outrages and Manchuria campaign of 1900,<sup>2</sup> to say nothing of the normal annual cost of guarding the railway by soldiers, estimated at 24,000,000 rubles.<sup>3</sup> The investments in permanent properties alone, besides the railway, are moderately valued at 500,000,000 rubles.<sup>4</sup> In return for these heavy outlays, the trade relations between Russia and Manchuria have been most disappointing.<sup>5</sup> This was probably due to a decreased demand for military sup-

<sup>1</sup> An official report of the Province of Amur, dated June 22, 1903, denies that the actual cost of construction per verst was, as had been alleged, 150,000 rubles, but 113,183 rubles. The *Tsūshō Isan* for August 8, 1903, p. 46.

In this connection, it is interesting to note in M. Witte's report to the Czar after the former's tour in the Far East in 1902, that the Siberian Railway had cost 758,955,907 rubles, but, with the Circum-Baikal section, would cost not less than 1,000,000,000 rubles, excluding the salaries of officers, expenses for soldiers, the Pacific fleet, harbor work, and the like. The *Dōbun-kwai Hōkoku*, No. 42, p. 30.

<sup>2</sup> According to the "Past and Present of the Siberian Railway," compiled in 1903 by the Government committee in charge of the railway, as quoted in the *Dōbun-kwai Hōkoku*, No. 51, pp. 58-60.

<sup>3</sup> M. de Witte's report of September, 1901, quoted in the *Kokumin* for Oct. 1, 1901.

<sup>4</sup> Consul Miller at Niuchwang, in the U. S. daily *Consular Reports*, Feb. 15, 1904 (No. 1877), p. 8.

<sup>5</sup> It is, however, not possible to get the exact figures of the actual trade between Manchuria and European Russia. According to official returns (given in the *Tsūshō-Isan* for November 25, 1903), exports from Russia to her *Far Eastern possessions* were as follows:

1900 .....	56,000,000 rubles
1901 .....	51,000,000 "
1902 .....	38,000,000 "

The decrease must be largely due to the decreased demand for military and railway supplies, for it is seen that the falling-off has been most conspicuous in iron and steel wares and machinery. The *Tsūshō Isan*, Nov. 25, 1903, pp. 16-18. At the same time there was little or no import trade from the Russian possessions in the East into Russia, for the native products sent out from the former never passed beyond Eastern Siberia.

It would be interesting if we could find out how much of these Russian exports went to *Manchuria*. The figures for the *Pacific ports* are given as follows:

1900 .....	51,157,000 rubles
1901 .....	49,827,000 "
1902 .....	37,704,000 "

(These figures appeared in the U. S. daily *Consular Reports*, July 30, 1903.) If these figures are reliable, the difference between them and those given above, namely:



plies (for Russia has little to export from Manchuria, and Chinese teas have largely gone through Kiakhtha or by the Amur, rather than by the Manchurian railway), and also to the difficulty of further reducing the freight rates on the railway,<sup>1</sup> and of competing successfully with the American and Japanese traders in certain articles for importation.<sup>2</sup> In spite

1900 .....	less than 5,000,000 rubles
1901 .....	more than 1,000,000 "
1902 .....	less than 300,000 "

might be considered an approximate amount of the export trade from Russia to Manchuria (and Mongolia, which imports very little from Russia), for, of the Pacific ports, no other port but Vladivostok re-exports Russian goods into Manchuria, which re-exportation seems to be slight enough to be ignored. The approximate correctness of the figures is further seen from the fact that of the total 8,193,200 rubles of the Manchurian trade at Blagovestschensk, Habarovsk, and South Ussuri region,—the three main points of transit trade with Manchuria,—only one-half showed exports to Manchuria, and again, of this one-half, only a portion consisted of re-exported Russian goods. The South Ussuri district, for instance, sent only 130,800 and 206,000 rubles worth of Russian and foreign goods to Manchuria, out of the total export trade of 799,500 and 2,221,300 rubles, respectively, in 1898 and 1899. See the *Shiberiya oyobi Manshu* ("Siberia and Manchuria"), Tokio, 1904, compiled by T. Kawakami, special agent of the Foreign Office of Japan, who was sent to Siberia and Northern Manchuria to investigate economic and military conditions there. Pp. 94, 119-121, 124, 138.

Before the opening of the Manchurian railway (which took place in Feb., 1903), the *direct* trade between Russia and the interior of Manchuria must have been slight. There are reasons to believe that the railway will not materially affect within a short time this direct trade from Europe to Manchuria.

<sup>1</sup> For the relative advantages of the Manchurian railway and the Amur river, see the U. S. daily *Consular Reports*, August 5 and October 5, 1903, and January 19, 1904.

<sup>2</sup> The Russia-China trade began more than 250 years ago. Before 1860, it was carried wholly on land, and its balance was nearly even. Since 1860, when sea trade from Odessa was opened, the progress of this trade has been slower than the general foreign trade of China, and its balance has been heavily against Russia (6,702,000 against 45,945,000 rubles in 1900). More than half of the Russian imports into China consists of cotton fabrics, and over 80 per cent. of the exports from China to Russia are teas. Russia's share in the entire foreign trade of China has also fallen from 4.6 per cent. in 1899 to 4.4 per cent. in 1900, 2.6 per cent. in 1901, and 2.3 per cent. in 1902, as compared with the growing share of the trade by Japan amounting to 14.2 per cent., 15.9 per cent., 15.7 per cent., and 18.4 per cent., in those respective years. Of the Russian share of 2.6 per cent. in 1901, Russian Manchuria occupied only 0.6 per cent. See the *Tsūshō Isan*, July 8, 1903, pp. 1-4; T. Yoshida's *Shina Bōyeki Jijō* (Trade Conditions in China), Tokio, 1902, pp. 128-9, etc.

of all the effort made by the late Finance Minister, M. Witte, Russia is not yet primarily a manufacturing country, her exportation of manufactured goods forming in fact only 2.5 per cent. of her entire export trade, and at best remaining stationary during the three years 1900-1902.<sup>1</sup>

Russia's commercial failure in Manchuria in the past would, however, in no way justify the inference that the future will be as disappointing. All competent observers seem to agree that the undeveloped resources of the 360,000 square miles of Manchuria are enormous.<sup>2</sup> Its unknown mineral wealth, its thousands of square miles of land now under the bean and millet cultivation, but beginning to yield to the wheat culture and producing wheat at a market price of not more than forty cents per bushel, and its extensive lumber districts, as well as its millions of cheap and most reliable Chinese laborers,<sup>3</sup> would before long enable the Russians successfully to convert Manchuria into one of the richest parts of China and one of the richest countries in the world. A success of such magnitude must, however, largely depend upon a systematically protective and exclusive policy on the part of Russia, or, in other words, upon the completeness with which Russia transfers the bulk of the Manchurian trade from the treaty port of Niuchwang, and, so far as the Russian import from China is concerned, even from

	<sup>1</sup> 1900 Rubles.	1901	1902
Total exports from Russia .....	688,435,000	729,815,000	825,277,000
Exports of manufacturers .....	19,553,000	21,039,000	19,263,000

—From Russian official figures. The *Tsūshō Isan*, Nov. 25, 1903.

\* The reader is recommended to the reports of the United States Consul Miller at Niuchwang, particularly those which appeared in the daily *Consular Reports* for January 21 and 24, and February 5, 1904 (Nos. 1856, 1858 and 1869). Reference should also be made to the ex-British Consul at Niuchwang, Alexander Hosie's *Manchuria*, London, 1901.

The resources of Eastern Manchuria are well described in the *Tsūshō Isan*, October 13, 1903, and those of Northern Manchuria in the *Shiberiya oyobi Manshu*, Tokio, 1904, compiled by the Foreign Office of Japan, pp. 427-485.

\* The present population of Manchuria is differently estimated between the limits of 6.5 and 15 millions. Probably there are more than ten millions. Immigration was said to have been progressing rapidly under the Chinese rule.

It is noteworthy that Siberia, with its larger area than Manchuria, contains only about eight million inhabitants. The productive capacity of the Manchurian inhabitants must be measured, however, not only by their larger numbers, but also by their far superior economic training.

the once important Russian port of Vladivostok, to the commercial terminus of the Manchurian railway—Dalny. Particularly in order to capture the import trade into Manchuria of cotton goods and kerosene oil, in the face of the great advantages enjoyed by American and Japanese competitors, Russia must at all cost make Dalny overshadow Niuchwang, so as to bring the trade under her complete control. Nothing but a highly artificial system could accomplish such wonders, for, under normal conditions, teas for Russia would go by the less costly routes through Kiakhta, or up the Amur, or by sea to Odessa; the native products of Manchuria for exportation to Japan would be sent to Niuchwang by the nearest, cheapest, and most natural channel, the Liao river, and, when the latter freezes between the end of November and March, by the Shanhaikwan railway; and, finally, the smaller cost of production and lower rates of freight of the American and Japanese cotton fabrics would completely outdistance the Russian. Let us observe with what artificial measures the Russians have been meeting this situation. With a view to diverting the tea trade from Vladivostok to Dalny, Russia imposed an import duty of 3 rubles per pood from August, 1902, and increased it in May, 1903, to 25.50 rubles,<sup>1</sup> which with other measures dealt a crushing blow to the prosperity of Vladivostok.<sup>2</sup> This must at least have stifled the transportation of tea up the Amur, without, perhaps, affecting the inroad of teas through the old Kiakhta and by sea.<sup>3</sup> As regards

<sup>1</sup> The *Tsushō Isan* for June 23, 1903, pp. 34-5.

<sup>2</sup> Under this and other differential measures the commercial importance of Vladivostok is said to be fast passing away. Local merchants made a strong plea of their case before M. Witte when he traveled in the East in 1902, but on his return he reported to the Czar that the interests of the Empire demanded a large sacrifice at Vladivostok for the sake of Dalny.

<sup>3</sup> In 1902 Russia took 882,893 out of the 1,519,211 piculs of teas exported from China. The former were distributed, according to their routes, as follows:

Via Odessa and Batum .....	206,699 piculs
Via Kiakhta .....	403,648 "
To Manchuria .....	272,546 "

—The U. S. *Monthly Summary*, Jan., 1904, p. 2420.

Out of these 272,546 piculs, or 36,339,470 lbs., 7,000,000 lbs. are said to have been reshipped at Dalny. *Ibid.*, 2386. We presume that the other 29,000,000 lbs. largely went through Niuchwang, unless indeed the 7,000,000 through Dalny are not included in the 36,000,000 to Manchuria.

the export trade at Niuchwang, the Russians take advantage of the important fact that the Shanhaikwan railway does not penetrate sufficiently north to reach the producing centers of western Manchuria, while the waters of the Liao are navigable only 200 miles from the mouth and are, together with the harbor itself, ice-bound from November till March. Dalny is nearly ice-free and the Manchurian railway is available through all seasons. The only competitors of the railroad would seem to be the small bean-carrying junks plying down the Liao which are both owned and loaded by the same Chinese merchants. This competition the Russians meet by greatly reduced freight rates of the railway which make it possible for every 100 poods of Manchurian grain and beans to be carried 600 miles between Harbin and Dalny for about 57 cents gold, or \$10 per ton.<sup>1</sup> From Dalny, heavily subsidized Russian boats transport Manchurian exports to Japan at a freight-rate which, in conjunction with railway rates, amounts to the saving by the shipper of 4.50 *yen* per ton, as compared with the railway-rates *plus* the freight-rates of non-Russian vessels.<sup>2</sup> When the flour industry of the Russian towns in Manchuria is developed, Russian steamers may be seen carrying flour from Dalny, not only to Japan, but to Chinese and Eastern Siberian ports. As for the import trade of Manchuria, the Russians, who ousted American importers of kerosene oil at Vladivostok, seem to be now by energetic methods slowly driving away the same rivals from Chemulpo and from Dalny.<sup>3</sup>

<sup>1</sup> See the *Tsūshō Isan*, April 18 and August 3, 1903, and the U. S. daily *Consular Reports*, Jan. 21, 1904 (No. 1856). Reduction apparently has not reached its minimum point. At present, it is unknown whether Dalny handles much of the Manchurian export trade.

<sup>2</sup> The *Kokumin*, March 7, 1903. The ex-Japanese Consul at Niuchwang, Mr. K. Tanabe, doubts that Dalny will completely displace Niuchwang as an exporting centre. The latter is geographically the natural outlet for the grain from the Liao Valley, and, in winter, the handling of this product is apt to be done more at Mukden than at Dalny, the latter becoming in that case a mere port of transit. Moreover, mercantile customs differ so much at Niuchwang and Dalny that it is not possible that the conservative Chinese merchants should readily transfer their business from the one place to the other. See Tanabe's conversation in the *Toyo Keisai Zasshi* ("Oriental Economist"), No. 244 (Sept. 25, 1902), p. 16.

<sup>3</sup> The central distributing station at Vladivostok has a capacity of 600,000 poods, and the one to be built at Dalny will hold 1,500,000 poods, to which a special tank steamer will bring oil from Batum.—The *Tsūshō Isan*, May 3,

Vastly more important as articles for importation than kerosene oil are cotton yarn and textiles, which are annually supplied from abroad to the value of over 12,000,000 taels. By far the greater part of sheetings, drills and jeans comes from America. The Russians are not unable to produce cotton fabrics almost as good as the American goods, but the trans-Siberian freight is twice as expensive as the Pacific transportation, and cannot be expected to be further reduced without great difficulty.<sup>1</sup> It is not impossible to suppose that the Russian Government may ultimately apply to Manchuria the system of granting a premium and an additional drawback on textiles made from imported cotton which has been in successful operation in Persia. There is no question but that, together with the development of Manchuria under Russian control, foreigners would lose most of their import trade in lumber, butter and flour, and here again the Russian success must depend on the exclusiveness of their policy.<sup>2</sup> Much has been said regarding the oft-reiterated wish of Russia to keep Dalny as a free port, but it is well-known that it has recently been placed under a protective tariff.<sup>3</sup> We are

1903. Americans tried to build warehouses at Dalny, but were opposed by Russians. The importation of American kerosenes at Niuchwang decreased from 3,172,000 gallons (\$410,500) in 1901 to 603,000 gallons (\$77,000) in 1902, and the decrease was in no small measure due to the Russian competition at Dalny.

<sup>1</sup> The *Tsūshō Isan*, October 23, 1903, pp. 1-21; the U. S. daily *Consular Reports*, May 7, July 16 and August 28, 1903, and Feb. 23, 1904.

<sup>2</sup> See Mr. Miller's reports in the U. S. daily *Consular Reports* for January 21 and 24, and February 5 and 6, 1904 (Nos. 1856, 1858, 1869 and 1870).

Mr. James J. Hill, in a recent speech at Minneapolis, said that his great system of transportation, by taking advantage of all conditions, and by carrying full loads both ways, had been able to make a freight rate of 40 cents a hundred pounds of flour to the Orient, or one mill per ton-mile. According to him, the effect of the growing exportation of wheat from the Pacific coast to the East seems to have caused an advance in its price at Minneapolis of 5 to 7 cents per bushel. In view of these facts, the possible exclusion of American flour from Manchuria would not be without serious effects, especially if we consider Mr. Hill's opinion that the success of Mr. Chamberlain's financial scheme would result in enabling Manitoba to supply all the wheat needed in Great Britain, thus leaving in the United States a large surplus of grain, for which other markets would have to be developed. See the *American Review of Reviews* for February, 1904.

<sup>3</sup> The U. S. daily *Consular Reports*, Jan. 19, 1904 (No. 1854). Also see *ibid.*, April 4, 1903.

not in possession of the details of this tariff, but its general significance can hardly be mistaken when we see how the Russians have been reducing freight rates to the utmost, subsidizing their own steamers, and pooling together their great banking and railway facilities, all for the purpose, on the one hand, of developing Russian industries in Manchuria, and on the other, of monopolizing the bulk of its trade. Not only in trade, but in colonization also, the Russians have been building up new cities and developing old ones under their exclusive policy with an unheard-of rapidity. Dalny is a good example of the former class. Still more conspicuous is the city of Harbin, the so-called Moscow of Asia, the geographical and commercial center and headquarters of the railway-work in Manchuria, which is said to have consisted of a single Chinese house in 1898, but now contains 60,000 people.<sup>1</sup> Harbin is one of the so-called "depots," over eighty in number, which are found along the whole length of the Siberian railway, each one of which extends over several square miles, within which none but the Russians and Chinese have the right of permanent settlement.<sup>2</sup>

The meaning of all these protective and exclusive measures becomes plain, when it is seen that the complete control of the economic resources of Manchuria would give Russia, not only

<sup>1</sup> See *ibid.*, Feb. 15, 1904 (No. 1877, and the *Tsūshō Isan*, October 8, 1903, pp. 42-3.

<sup>2</sup> For the laborious process of obtaining permits to carry on business only for short terms in these great sites for future cities, see the *Tsūshō Isan*, Sept. 18 (pp. 40-1) and Nov. 23 (pp. 39-40), 1903.

At Dalny, however, Russia has welcomed the coöperation of all nationals in its development, and has rather been disappointed at their comparative indifference. See Mr. F. Nakasawa's conversation in the *Toyo Keisai Zasshi* ("Oriental Economist"), No. 262 (March 15, 1903), p. 13. The reasons for this modification at Dalny of the customary Russian policy are plain, for the port must be developed as rapidly as possible before the Russians can absolutely control its trade. Thus the importance of Dalny as a trading port brings to conspicuous prominence the universal contradiction of the Russian commercial policy in East Asia. Russia would exclude other trading nations from her possessions in order to control the trade, but is at the same time unable to develop it either without the coöperation of other people or without some unnatural devices.

In this connection, it is interesting to note that in July, 1903, the Russian Government informed other Powers that it had no intention of objecting to the opening of new treaty ports *without foreign settlements* in Manchuria.

sufficient means to support Eastern Siberia, but also a great command over the trade of China and Japan, the latter of which she might be able to reduce to dire distress, when necessary, by closing the supplies coming from Manchuria, upon which Japan will have to depend every year more closely than before.<sup>1</sup> The success of these great designs on the part of Russia would depend upon how completely protective and exclusive her Manchurian policy can be made.

Coming from Manchuria to Korea, we find the economic position of the Russians in a totally different situation, for either their vested or even their potential interest in the Peninsula are slight, excepting, perhaps, their already acquired timber concessions<sup>2</sup> on the northern frontier and the Kaiserling whale-fishery on the northeastern coast.<sup>3</sup> It has been pointed out however, that the fact that Dalny is not altogether ice-free makes Russia covet Chemulpo or some other trade port on the western coast of Korea.<sup>4</sup> However that may be, it is safe to say that Russia's interests in Korea are slightly economic, but almost wholly strategic and political.

<sup>1</sup> On March 27, 1904, Russia declared that Niuchwang was under her martial law. This eventuality had been fully expected by Japan. The gravity of the situation, however, may be understood, when we remember that the Russian law of neutrality considers food as among contraband goods, so that the supply of millet, beans and bean-cakes from Manchuria to Japan was henceforth completely closed.

<sup>2</sup> These concessions were acquired by the Russians in 1896 when the Korean King was still living in the Russian Legation in Seoul. About May, 1903, after more than seven years' inactivity, the Russians began to cut timber on a large scale along the Yalu river, and subsequently made extensive improvements at Yongampo at the mouth of the river. The political features of this event do not concern us here.

<sup>3</sup> Kaiserling is a successor to the two other Russians who, one after the other, had been engaged in the whaling fishery on the Japan Sea for a long period of time. It was Kaiserling, however, who extended the work, made an agreement with the Korean Government, and is turning the business into an apparently successful enterprise. In 1901 his two vessels caught about eighty whales, which number was in 1902 increased to 300. The *Tsūshō Isan*, Sept. 28, 1903, p. 34.

<sup>4</sup> Mr. J. Sloat Fassett's article in the *American Review of Reviews* for February, 1904, p. 174.

In the winter of 1902-3, ice at Dalny was six inches thick. Mr. F. Nakasawa in the *Toyo Keizai Zasshi* ("Oriental Economist"), No. 262 (March 15, 1903), p. 13.

Let us sum up our discussion at this point, and compare the economic interests of Russia and Japan in Manchuria and Korea. In Manchuria, both powers seek trade and colonization, with the important difference that Japan's interests are actually great and potentially greater, while those of Russia are both actually and potentially preponderant. A difference of greater moment lies, however, in the fact that, so far as her trade and industry are concerned, Japan's interests call for an equal opportunity there for all industrial nations, while Russia's interests may be maintained and developed only by a highly exclusive policy. In Korea, its opening for the trade, settlement, and enterprise of the Japanese is not only the most natural method of strengthening Korea herself, but also a primary condition for the life and growth of Japan. Russia's economic interests there, on the other hand, may be measured by the number of her resident subjects and the extent of their enterprise, which are, outside of Yungampo, next to nothing. Her interests, being, as we shall soon see, mainly strategic and political, demand here also a policy directly opposed to the open door. If we now consider Manchuria and Korea together, it may be said that Russia's economic interests are, even in Manchuria, rather for her glory as a great, expanding empire than for any imperative need of trade and emigration in that particular part of her Asiatic dominion, while similar interests of Japan, primarily in Korea and secondarily in Russia, are vital, as they are essential for her own life and development as a nation. The case for Russia can, perhaps, never be understood until her *political* issues are examined.

Politically, also, the interests of the two powers are found to be directly opposed to one another. It has been rightly said that Manchuria is the keynote of the Eastern policy of Russia. Besides its immense wealth still unexploited, Manchuria possesses the great Port Arthur which is the only nearly ice-free naval outlet for Russia in her vast dominion in Asia, while the 1,500 miles of the Manchurian railway, together with the Great Siberian railway, connect this important naval station with the army bases in Siberia and European Russia, so that Manchuria alone would seem to be politically more valuable for Russia than the rest of her Asiatic territories. Without Man-



churia, Russia would be left satisfied with the ice-bound Siberia, with no naval or commercial outlet during nearly five months of each year. With Manchuria, Russia's traditional policy, which has repeatedly failed since Peter the Great on the Baltic Sea and other European waters, as also on the Persian Gulf,—the policy of becoming the dominant naval power of the world,—would at last begin to be realized. The very importance of Manchuria for Russia, however, constitutes a serious menace to Japan and the general peace of the Far East. In the first place, the Russian control of Port Arthur gives her a large control over the water approaches to Peking, while the Mongolian railway now reported to be in contemplation would bring Russian land forces directly upon the capital of the Chinese Empire. The very integrity of China is threatened, and a more serious disturbance of the peace of the world could hardly be imagined than the general partition and internal outbreaks in China which would follow the fall of Peking under the pressure of Russia from Manchuria and Mongolia. Not less grave is the fact that Manchuria is geographically and historically connected with the Peninsula of Korea, which makes Russia's occupation of Korea a necessary adjunct of her possession of Manchuria.<sup>1</sup> Geographically considered, there exists no abrupt change from the eastern part of Manchuria to the northern half of Korea, which fact goes far to explain the Russian solicitude to obtain railway and other concessions between the frontier and Seoul.<sup>2</sup> Even more serious conditions exist on the southern coast of Korea, which contains the magnificent harbor of Masampo, which constitutes the Gibraltar between the Russian fleets at the ice-bound and remote Vladivostok and the incommodious and not altogether ice-free Port Arthur, with no effective means of connecting them. Only by controlling this coast, Russia would not merely possess a truly ice-free and the best naval port to

<sup>1</sup> It is well known that at several times in history kingdoms have been built which extended over both sides of the present boundaries between Korea and Manchuria.

<sup>2</sup> It is noticeable that the Russian diplomatic historian already referred to gives as a reason for the desirability of placing Korea under Russian protection the need of safeguarding the frontiers of Russian territories adjacent to Korea. The *Dōbun-kwai Hōkoku*, No. 49, p. 8.

be found in East Asia,<sup>1</sup> but also at last feel secure in Manchuria and complete her Far Eastern design of absorbing Korea and China and pressing down toward India. If, on the contrary, another power should control Masampo, it would be able to watch the movement of the Russian fleets in their attempts to unite with one another, and, also, seriously impede the greatest hopes of Russia's Eastern expansion. From Japan's standpoint, the Russian occupation of this section of Korea would not only possibly close Korea against her trade and enterprise, but also threaten her own integrity. Only fifty miles away lie the Japanese islands of Tsushima, which Russia has always coveted, and which would have been hers had it not been for the shrewd diplomacy of the late Count Katsu.<sup>2</sup> From Tsushima the main land of Japan is visible on the eastern horizon, so that the presence of Russia at Masampo would arouse in the heart of Japan the most profound feeling of unrest. Russia must have Masampo, and Japan must not let her have it.

In concluding our discussion of the vital issues, both economical and political, which are at stake, it would seem that Manchuria is for Japan a great market as well as an increasingly important supply region of raw and food products and a field for emigration, while for Russia it is the keynote of her Eastern policy, and economically the most promising of all her Asiatic possessions. On the other hand, Korea is essential for Russia for the completion of her Manchurian policy,<sup>3</sup> and for strengthen-

<sup>1</sup> The Bay of Masampo, which lies between the Island of Koji and the Korean coast, is said to be three nautical miles wide from east to west and a mile and a half from north to south, deep and broad enough to hold the largest fleet, and sheltered from winds from all directions. Several islands with sufficiently wide passages between them form a splendid gate to the bay, while the western extremity of the latter may be walked across when the tide is low, from the Koji to the coast. Masampo is the best but not the only good naval harbor on the southern coast of Korea.

<sup>2</sup> In 1861, when some Russian marines landed here and took virtual possession of the islands Awa, Katsu, who was then one of the officers appointed by the Yedo Government to study the possibility of organizing military forces after the western model, succeeded in setting the British Minister at Peking against the Russian Minister about the Tsushima affair. Russia was obliged to abandon the islands. See the *Katsu Kaishū* (a life of Katsu), Tokio, 1899, iii., pp. 57-59.

<sup>3</sup> It is interesting to hear that Russian school text-books enumerate Korea and Manchuria among the Russian spheres of influence.—A letter from Tosuisei, dated St. Petersburg, Feb. 13, 1900, in the *Kokumin*, April 1, 1900.

ing enormously her general position in the East. For Japan, Korea is nothing short of one-half of her vitality. By the opening or closing, strength or weakness, independence or fall, of Korea, would Japan's fate as a nation be decided. On the contrary, Russia, with Manchuria and ultimately Korea in her hands, would be able, on the one hand, to build up under her exclusive policy a naval and commercial influence strong enough to enable her to dominate over all other powers in the East, and, on the other, to cripple forever Japan's ambition as a nation, slowly drive her to starvation and decay, and even politically annex her. From Japan's point of view, Korea and China must be left open freely to the economic enterprise of herself and others alike, and, in order to effect that end, they must remain independent and become stronger by their internal development and reform.<sup>1</sup> Russia's interests are intelligible, as are Japan's,

<sup>1</sup> It is remarkable how little the spirit of Japan's policy, which the writer has attempted to express in this sentence, is understood among the people here. A vast majority of people, not excluding recognized writers and speakers of the East, seem to ascribe to Japan certain territorial designs, particularly in Korea. It is not remembered that Japan was the first country to recognize the independence of Korea, the cause of which also cost Japan a war with China. The present war with Russia is waged largely on the same issue, for it is to Japan's vital interest to keep Korea independent. From this it hardly follows that Japan should occupy Korea in order not to allow her to fall into the hands of another Power. If Korea is really unable to stand on her feet, the solution of the difficulty does not, in Japan's view, consist in possessing her, but in making her independence real by developing her resources and re-organizing and strengthening her national institutions. It is in this work that Japan's assistance was offered and accepted. It would be as difficult for any impartial student not to see the need of such assistance as to confuse it with annexation. The following Korean-Japanese treaty concluded on February 23, 1904, a fortnight after the outbreak of the war, embodies in a permanent form the true policy of Japan regarding Korea:

"Mr. Hayashi, the envoy extraordinary and minister plenipotentiary of His Majesty the Emperor of Japan, and Major-General Ye-Tchi-Yong, the minister of state for foreign affairs *ad interim* of His Majesty the Emperor of Korea, being, respectively, duly empowered for the purpose, have agreed upon the following articles:

ARTICLE 1. For the purpose of maintaining a permanent and solid friendship between Japan and Korea, and firmly establishing peace in the Far East, the Imperial Government of Korea shall place full confidence in the Imperial Government of Japan and adopt the advice of the latter in regard to improvements in administration.

ARTICLE 2. The Imperial Government of Japan shall, in a spirit of firm friendship, insure the safety and repose of the imperial house of Korea.

but unfortunately their desires are antagonistic to each other, so that a conflict between an open and an exclusive policy is rendered inevitable. The series of events during the past decades, particularly since 1895, which we cannot tarry here to discuss, only served to bring this conflict into a sharp clash in arms.

In closing, it may not be entirely out of place to attempt a speculation upon the significance of the conflict, not to the belligerents, but to the world at large. From the latter's point of view the contest may fairly be regarded as a dramatic struggle between two civilizations, old and new, Russia representing the old civilization and Japan the new. Two dominant features, among others, seem to characterize the opposition of the contending nations: namely, first, that Russia's economics are essentially agricultural, while those of Japan are largely and increasingly industrial, and, secondly, that Japan's strength lies more on sea than on land, while Russia represents an enormous contiguous expansion on land. It is evident that the wealth of a nation and its earning capacity cannot grow fast under a trade-system under which it imports many and exports few manufactures.<sup>1</sup> The commercial prosperity of Russia depended

ARTICLE 3. The Imperial Government of Japan definitely guarantees the independence and the territorial integrity of the Korean Empire.

ARTICLE 4. In case the welfare of the imperial house of Korea, or the territorial integrity of Korea, is endangered by the aggression of a third Power, or internal disturbances, the Imperial Government of Japan shall immediately take such necessary measures as circumstances require, and in such case the Imperial Government of Korea shall give full facilities to promote the action of the Imperial Japanese Government. The Imperial Government of Japan may, for the attainment of the above-mentioned object, occupy, when the circumstances require it, such places as may be necessary from strategic points of view.

ARTICLE 5. The Governments of the two countries shall not, in the future, without mutual consent, conclude with a third Power such an arrangement as may be contrary to the principles of the present protocol.

ARTICLE 6. Details in connection with the present protocol shall be arranged as the circumstances may require between the representative of Japan and the minister of state for foreign affairs of Korea."

<sup>1</sup> Russian exports for 1900-1902 are classified as follows (1,000 rubles as unit):

	Foodstuffs.	Raw material.	Animals.	Manufactures.	Total.
1900 .....	381,174	269,806	17,902	19,553	688,435
1901 .....	430,955	256,697	20,224	21,939	729,815
1902 .....	526,189	258,267	21,558	19,263	825,277

formerly upon its nearness, first to the trade-route with the Levant, and then to the free cities of Germany, but with the fall of Constantinople and the decline of the Hansa towns the business activity of southern and Baltic Russia has in turn passed away. Then, from the time of Ivan the Terrible, she unified her European territory, and expanded eastward on land, until she has embraced within her dominion much of Central and all of Northern Asia. For such an expansion Russia seems to have been particularly fitted, for her primitive economic organization suffers little from external disturbances, while the autocratic form of her government enables her to maintain and execute her traditional policy of expansion. But the real importance of her expansion appears to be more territorial than commercial, for the days of the land-trade with the Orient are numbered. Even the great Siberian railway would not successfully divert the Eastern trade landward. If Russia would be prosperous, she must control the eastern sea by occupying North-east China and Korea. Here she comes in conflict with Japan, the champion in the East of the rising civilization. The economic center of the world has been fast passing to America, where cotton, wheat, coal and iron abound, the people excel in energy and intelligence, and the government is servant to the welfare and progress of the people. Japan has joined the circle of this civilization, ever since the influence of the youthful nation of America was extended to her through Commodore Perry and Townsend Harris, and the spirit of national progress through

It is seen that the exportation of foodstuffs was the largest in value and increasing, while that of manufactured articles was the smallest (2.5 per cent.) and, to say the least, stationary. Imports were as follows:

	Raw material.	Manufactures.	Foodstuffs.	Animals.	Total.
1900 .....	307,402	183,682	79,844	1,136	572,064
1901 .....	288,107	158,993	84,349	1,495	532,944
1902 .....	295,483	148,800	81,409	1,403	527,095

The importation of manufactures decreased, but also that of raw material did not increase, while, as shown above, the exportation of manufactures was slight and stationary. Figures have been taken from the *Tsūshō Isan* for Nov. 25, 1903, which drew them from Russian official sources.

It is interesting to note the unfavorable conditions of the foreign trade of Russia's ally, France, in U. S. Consul Atwell's report in the daily *Consular Report* for Feb. 24, 1904 (No. 1884), who quotes from Georges Blondel.

industry and education was eagerly adopted by her. To-day, Japan stands within the range of the interests of the British and American sea-power over the Pacific, Atlantic and Indian Oceans, while Russia, on the other hand, represents a vast expansion on land. The historical bearing of the effects of the old civilization to the world may, perhaps, be best characterized by the one word—unnatural. Observe, first, the effect of the policy of land aggression on the internal affairs of Russia. The policy is costly. Hence the great incongruity between the economics of the people, which are agricultural, and the finance of her government, which would be too expensive even for the most highly advanced industrial nation. Hence, also, it is perhaps that the richer and more powerful her government becomes, the poorer and more discontented her people seem to grow. Her administration must naturally be maintained at the expense of the suspicion of her people and the suppression of their freedom,<sup>1</sup> and the suspicion and suppression must become more exhaustive as the disparity widens between rulers and ruled. Again, consider the unnatural situation of an agricultural nation competing in the world's market with industrial, trading nations which command a higher and more effective economic organization. If Russia would sell her goods, her markets abroad must be created and maintained by artificial means:<sup>2</sup> protective and

<sup>1</sup> To-day there seem to be about 84,500 public schools in Russia, of which 40,000 are under the jurisdiction of the Ministry of Education [compared with 28,862 public and private schools in Japan in 1900]. Toward the maintenance of the 40,000 schools, the ministry appropriates only about \$2,000,000, or a little over one-eighth of the annual cost. The teachers number 172,000 [in Japan, 106,127, in 1900], and pupils and students, 4,568,763 [in Japan in 1900, 4,948,763]. 7,250,000 children of school age are without any education [while in Japan, in 1901, the ratio of attendance to the number of children of school age was 93.35 per cent. for boys and 71.73 per cent. for girls, or, on the average, 81.41 per cent.]. See the U. S. daily *Consular Reports* for Feb. 8 and March 4, 1902 (Nos. 1871 and 1892).

<sup>2</sup> "The whole northern part of *Asia Minor*, according to the treaty between Russia and Turkey, is now placed under such conditions that Russian capitalists have the area open to them, to the exclusion of foreign enterprise. A situation analogous is found in *Persia*, where the entire northern portion is acknowledged to be under the exclusive economic influence of Russia."—Consul Greener at Vladivostok in the U. S. daily *Consular Reports*, April 22, 1903 (No. 1627).

exclusive measures must be pushed to such an extent as to out-distance all possible foreign competition, the interests of the consumer must be disregarded, and those of the growing industrial nations must be sacrificed, all for the sake of artificially promoting the belated manufactures in Russia. From this unnatural state of things would seem to follow the Russian policy of territorial occupation and commercial exclusion in the East, and also her free use of the old-time intrigue in diplomacy, for it is Russia's fortune that she would not be able to compete freely with the new, growing civilization, whose open arts she cannot employ to her advantage, but to whose advanced standard of international morals she must appear to conform. Her position forbids her to have recourse to an open policy and fair play, and yet she cannot afford to overtly uphold the opposite principles.<sup>1</sup> On the other hand, the new civilization, represented in the present contest by Japan, relies more largely upon the energy and resources of the individual person, whose rights it respects, and upon an upright treatment by the nations of one another. What is the goal of the warfare of these two civilizations? It is, it may be said, the immensely rich and yet undeveloped North China, of which Manchuria is a part, and to which Korea is an appendix. Whoever wins, the issues are momentous. If Russia wins, not only Korea and Manchuria, but also Mongolia would be either annexed by Russia or placed under her protection, and Japan's progress would be checked and her life would begin to fail. Russia would assume a commanding position over all the powers in the East, while the trading nations of the world would be either largely or completely excluded from an important economic section of Asia. The Siberian railway system might at last be made to pay, and Russia's exclusive policy would enable her and her ally France to divide the profit of the Eastern trade with the more active industrial nations. The old civilization would enjoy an artificial revival, under the influence of which China and Korea would be

<sup>1</sup> One can seldom find a more outspoken confession of a diplomacy consisting of a series of deliberate falsehoods than the chapters on the Russian relations with China, Korea and Japan, from a diplomatic history by a Russian writer, as translated in the *Dōbun-kwai Hōkoku*, Nos. 45, 46, 48, 49 and 50 (August, September, November and December, 1903, and January, 1904).

exploited by the victors and, for the most part,<sup>1</sup> closed against reformatory influences from abroad. All these momentous results would be in the interest of an exclusive policy incorporating principles which are generally regarded as inimical to freedom and progress. If, on the contrary, Japan should win, the doubtful importance of the Siberian railroad as a carrier of the Eastern trade would further be overshadowed by the Panama Canal, and would be compelled to perform its, perhaps proper, function of developing the vast resources of Siberia and Manchuria. The Oriental commerce would be free and open; the Empires of China and Korea would not only remain independent, but, under the influence of the new civilization, their enormous resources would be developed and their national institutions reformed, the immense advantages of which would be enjoyed by all the nations which are interested in the East. There would naturally result a lasting peace in the East and the general uplifting of one-third of the human race. Japan's growth and progress after the war would be even more remarkable than in the past. In short, East Asia would be forcibly brought under the influence of the new civilization, the effect of which would not be without a profound reaction upon Russia herself. Humanity at large, including the Russians, would thereby be the gainer. The difference in the effects of the outcome of the war, according to who is the victor, would be tremendous. Which will win, the old civilization or the new? The world at this moment stands at the parting of ways.

<sup>1</sup>The Russian diplomatic historian to whom frequent reference has been made frankly says that the feebleness and internal disorder of China are welcome conditions for the expansion of Russian influence in the Far East, and that it would be the height of folly to displace the weak China with a colonial possession of a European Power.—The *Dōbun-kwai Hōkoku*, No. 48, p. 36.

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## THE PRESENT CONDITION OF RUSSIA.

### III.

QUESTIONS concerning population generally do not admit of exact treatment. Statistics are apt to be difficult to apply to them, and in Russia this is particularly the case, as it is rumored that for the last twenty years all Russian statistics have been manufactured at St. Petersburg with an eye to their effect on the market for Russian bonds. So much confirmation of such rumors has reached me from one side or another (in one case from an official in the Ministry of Finance) that I hesitate to accept such statistics unless otherwise corroborated. Personal observation, backed by reports at first hand from other observers, and especially by those of large employers, both Russian and foreign, is therefore the main reliance. However carefully handled, such evidence is always open to question, and in the following pages much must be taken as the impressions of a traveler.

Probably the population of Russia is the most mixed on the globe, its nearest competitor being the Turkish Empire.

In fact the real Muscovites are supposed to form less than one-third of the total population, and many that are so considered are not even mainly of this stock, although over a large part of the empire Russian has crowded out all other tongues. Wallace showed conclusively thirty years ago that even in the country between Moscow and St. Petersburg, known as Ancient Russia, a large part of the population was of Finnish origin. Though in most of the villages only Russian was spoken, he was able to show a continuous series of stages of transition from a few villages which still spoke Finnish and maintained usages similar to those now to be found in Finland, except that their religion was Greek, to others where scarcely any traces of Finnish customs remained. Many considerable districts have come to appear homogeneous, but I have been assured by Russians from the South that the Slavonic type had dark hair and eyes, while those from the North say that yellow or auburn hair

and blue eyes characterize the true Slav. The truth is that while probably there once was a Slavonic type which was pretty well defined, and probably was somewhat darker than the Germanic, no one knows just what it was. It is pretty well established that the Bulgarians, who were not of Slavonic stock, abandoned their own language for a Slavonic dialect, which then became the hieratic language of all the Slavonic peoples, as Christianity was diffused through the Bulgarians to the Slavs. Probably they were only one of many tribes who adopted the language of their Slavonic victims or conquerors, as the Greeks of the Crimea and coasts of the Sea of Azof adopted that of the Tartars.

Perhaps the best guess that can be made is that the blond Slavs are the result of amalgamation with Teutons and Finns, while the darker peoples represent strong admixtures of Greek and other Mediterranean races.

With such diversity of origin it would seem at first that general characteristics would be difficult to find. Nevertheless distinguishing traits manifest themselves which are typical of this region, some of them in striking contrast to those of people of the same stock under other conditions. There are gradations also, of course, in so vast an empire. The Tartars in the east have the reputation of being the best workers in that region, and, in fact, are depended on for the hard labor in loading and unloading steamboats, etc., while in Kurland and Livonia the German and Lithuanian peoples are considered the most reliable part of the whole population and hold a great proportion of the positions of trust throughout the empire, to the disgust of all Muscovites, who look upon them as foreigners. Again in the Northwest the peoples of Finnish stock seem a little more laborious and careful than those of the South, but the contrast is nowhere stronger than between these Northwestern peoples and the Finns of Finland, who even now are not fully incorporated into the Russian Empire, though the successive treaty violations by Russia since this century began only leave them a few of their former prerogatives.

The population of Finland has been described by a Frenchman as fantastically honest, and in more ways than one they

resemble in their industrious poverty those grim protestants who settled on Massachusetts Bay in 1620, in striking contrast to their relatives not far off who have been for centuries under full Russian sway. There is a borderland very thinly inhabited, consisting of the morasses which Peter the Great wrested from Charles XII not quite two hundred years ago, but beyond this the typical Oriental characteristics appear.

The peasants make up nine-tenths of the population of Russia proper, and the mercantile class and the nobility are so immediately of the same stock that it is safe to include them in a general description, although here, as everywhere, there are exceptions.

From our standpoint the Russian peasant is idle and good-for-nothing. He lacks honesty, industry, intelligence and education, but except under the stress of great privation he is light-hearted and good-humored and cares not for the morrow. He delights in flowers and things red. In fact, his word for excellent means simply very red. Energy he completely lacks, but he probably has a code of his own and perhaps lives up to it as closely as other peoples do, and despises others with even superior ignorance. He is most hospitable, and will divide his last crust with a guest, a fact which has encouraged a boundless army of tramps, who under the guise of Pilgrims roam all over Russia and laugh at the police; and he often displays a really touching fidelity to those to whom he feels himself bound. On the American in particular he looks down as upon a being incapable of comprehending the joys of life. Debt and the taxes fail to disturb his equanimity. At least in the view of many employers the lash is the only stimulus sufficient to keep him at work. He has discovered that the government finds it necessary to forgive arrears of taxes, whenever they accumulate beyond a certain amount, and heartily believes in sinning much that grace may abound. He has also learned that the government knows that he can pay no taxes if he can raise no crop, and so cheerfully eats his seed corn, secure in the feeling that the government will provide more. In fact this sentiment is growing so rapidly that in spite of the fact that the harvest for 1902 was the best that Russia has known for many years, the

budget for 1903 showed a larger provision for such aid to the peasantry than any of its predecessors as far back as I have been able to find such an item.

His chief ambitions are to sleep in the sun, and when he can afford it to be drunk. A typical story is current in Russia of an emigrant who met at Chicago a carpenter whom he had known at home in Russia. "How much do you get?" was his question. "Three dollars a day." "Three dollars! Why is it that you are not drunk every day?" In most characteristic manner the story shows how the other proceeded to give, without any consideration for truth, the answer which seemed most likely to satisfy the first by saying, "Oh, the liquor in this country is so bad that nobody can drink it."

Russians standards are not ours, and respect for the truth as such is unknown there.<sup>1</sup> The native's instinct is not to tell the truth unless some reason appears for doing so. He has occasionally seen unpleasant results follow truth-telling, and with a kind of animal cunning which he has highly developed, prefers to take no risks. He is so suspicious of attempts to discover the truth that he frequently lies when it is against his own interest to do so.

To my mind there is profound philosophy in the saying, "Ye shall know the truth and the truth shall make you free." Where no one thinks of believing a word that comes from his neighbor's mouth, freedom is impossible.

Serfdom followed by communism is not a good school for nice distinctions as to the rights of property, and accordingly it is not surprising that Russians should have a great reputation for dishonesty. This is so universal that in the hotels very few Slavonic servants are seen. In St. Petersburg they are mainly what are known as Balts, that is, the Teutonic inhabitants of the Baltic provinces. In Moscow preference is given to Tartars, as Russian guests do not like to leave even their hats in the custody of Russian waiters. Indeed, I was cautioned in the best hotel in Moscow against giving letters to servants to be mailed.

<sup>1</sup> See Wallace's *Russia*, page 326, and Leroy-Beaulieu's *L'Empire des Tsars*, vol. i, p. 444, etc.

The Russians will frequently show great ingenuity in stealing, and this is so universal that in many factories it is customary to search all workmen as they leave the works, sometimes with curious results. An old friend, who for several years had been managing a factory, told me that one man coveted an anvil in their blacksmith shop. He went into the shop groaning as if in great pain, and sat down on this anvil, letting his cloak fall around him. Two friends, hearing his groans, came in and started to carry him home. All went well till they reached the gate, but with the customary Russian disregard for the sufferings of others the porter paid no attention to suggestions that it was cruel to stop a man in such pain. A very cursory examination revealed the anvil under his cloak, but no one thought any worse of him, because his pain ceased immediately.

A curious thing is that on general principles the police and the courts seem to sympathize with the criminal. With political offenders the courts generally have nothing to do. These are handled by what is known as administrative process, without trial and often with great severity, but it is quite in keeping with Russian character not to be hard on a poor fellow who merely broke the law. Wallace put it, "that all classes of the Russian people have a certain kindly, apathetic good nature which makes them very charitable toward their neighbors, and that they do not always distinguish between forgiving private injury and excusing public crimes." From a considerable number of cases which came to my notice Russian criminal penalties seem absurdly mild. Moreover the efforts of police and prosecuting officers to avoid finding the culprits were very evident in a case of arson, which came to me at first hand, and in more than one case of theft. These and offenses against the orthodox religion are the lines that Wallace mentions as likely to be very severely dealt with. There seems to have been a change since his day. I was told by a "*Juge d'Instruction*" (an officer with powers concerning all crimes something like those of our coroners, with reference to murders), a graduate of the law school at St. Petersburg, and himself a Lutheran, that the only penalty for the chief religious offense, i. e., apostasy from the "orthodox" faith, was to be talked as near to death by the vil-

lage priest, as the latter saw fit. This is so directly opposed to what is ordinarily understood that perhaps it is only one of the common anomalies in Russia, by which laws reach the dead letter office in districts where it is inconvenient to enforce them. This district contained many Molokam, Stundists and other dissenters, besides Tartars, who have a great reputation for relapsing into Mohammedanism after being baptized.

The same tendency to leniency appeared in the trials of the peasants who attempted a revolution in the province of Kharkoff in April, 1902. Their leaders were let off with the extremely light sentences of six months, merely winter quarters (except one, who was flogged to death on the spot), and the court refused to hear testimony that many peasants had been whipped and robbed, and their women violated by the soldiery. Again it was strikingly shown in the trials of the leaders of the mob at Kishenief. All civil suits brought by the Jews for damages were summarily dismissed. The heaviest sentence for any of those guilty of murder and arson was two years of imprisonment, while the lawyers for these favored criminals were sentenced to exile in Siberia (by administrative process, I believe), because in carrying out their duties they attempted to carry up the responsibility and show that the rioters had been incited to riot by those in authority. As far as I can find, no punishment has been inflicted on those guilty of similar offenses at Gomel a few months later.

A curious and typical reason for this leniency appears. They do not know what to do with criminals. Whipping has been abolished (though it is still said to flourish in country places). A few years ago, when the railroad was extended to Lake Baikal, it was found impossible to induce such settlement as to give the railroad a chance to earn running expenses so long as Siberia was known solely as a dumping ground for criminals, and also it became very difficult to keep them there. Even before, according to Leroy-Beaulieu, ten per cent. of them escaped back to Russia. As a result, except for the island of Saghalien, and one or two other remote districts kept for politicals and worst criminals, Siberia was given up as a penal settlement. Without Siberia as an every-day expedient, the prisons filled up apace.

Even-handed justice seems little known in Russia. More than one employer has told me that he did not dare to carry a case of any kind into a criminal court, as a Russian jury (they have juries in criminal cases only and do not require unanimity) was sure to acquit for any crime against an employer; but in one case where a right of way was wanted, and the peasants demanded high prices for the land, a Russian concern, to whom the local judge was in the habit of selling horses at five times their value, simply went ahead and seized the land, trusting that the peasants would rather yield than risk a law suit. It is very wicked in Russia to attempt to right such an injustice without due form of law. The land was unfenced (fences are almost unknown there) and the offenders were difficult to dislodge. I believe that some of the land was never paid for.

If a victim is needed, he is generally forthcoming. Many an innocent man has gone to Siberia because a prisoner had escaped and someone tallying with the description of him was wanted to make up the tale of a convoy. Officers in charge of convoys have been known to apply to the starost (elder) of a village to know whether there was a man in the village whom they would be glad to be rid of, and who would correspond with the description of the missing man. In one case that came to my knowledge, the starost had indicated the foreman of a factory (he owed him a grudge), but the leader, when remonstrated with by the employer, who was wakened out of bed with the news, was pleased to get another substitute for a small consideration. He added that it was lucky that they had caught him so quickly, as a few miles further on he should have turned his complement over to his successor, and, of course, the successor would have known nothing of the circumstances.

This employer, who told me this tale, was not long after expelled from Russia with many others under an ukase expelling all foreign engineers from Polish factories on the pretext that their presence was politically dangerous. Not one was to be allowed to stay over twelve months, unless he became a naturalized Russian subject, a condition nearly all were unwilling to fulfill. Before the year was out, it became evident that it would be

impossible to obtain competent Russians to take their places, and another year of grace was added, but at the close of that year they were forced to go, although the instigators of this action are said to have clamored for further delay at least, if not for appeal. It is understood that this was an attempt to buy out at forced sale the German manufacturers who were then making great profits in Poland. It succeeded, for there was an immediate rush to sell out on the part of the foreign shareholders, but it is said that the end was not favorable to the Russian purchasers, for in general they were unable to keep down the cost of manufacture without the foreign engineers.

Henry Norman's conclusions are very different from mine, but if he had seen, as I have seen, the seamy side of Russian conditions, perhaps his point of view would have changed. I will call attention to one remark on page 109 of his book on "All the Russias," where he speaks of the state of the bells and the bathtubs on the Siberian *train de luxe*. This is typical of the condition of most things in Russia. The scrap heap of almost any Russian factory is a sight to behold. Many a splendid machine has gone there because, owing to some stupidity, it failed to work when first tried. It was condemned without any attempt to set it right, because some one got a commission on the order for another to take its place. I know of one factory there which was equipped to be the largest of its kind in the world. Not one-quarter of its machinery in one department has ever been in use at the same time, and about half has never been in use even as a reserve, and yet an order has gone forth condemning it all, and this year it is to be replaced by a new system on a scale perhaps equally elaborate. There had been very little improvement in other countries in this line of manufacture since this factory was first built. It does not seem likely to me that the new system will be more successful than the old, unless there is a change in management.

Perhaps the best explanation of the Russian character lies in assuming that the Russian for many generations has been guided solely by his passions. To him principle and purpose are strange ideas. Like the South Italian or the negro, he is the child of



the moment. Indeed, the fairest comparison for the ex-serf seems to be with our negro population. Both were emancipated involuntarily at almost the same time, the Russians in 1861 and 1862, and the negroes from 1861 to 1865. Like the Russians, the negroes in America are the result of an indiscriminate mixture of many peoples, and yet like them they have characteristic traits which few of those who know them will deny.

The similarity between the Russian peasantry and our negroes becomes more striking the more the two are studied. Tillinghast's "Negro in Africa and America," the best study on the subject which I know, though perhaps a little pessimistic, quotes Bruce on the "Plantation Negro," as saying: "The divorce between religion and morality in the life of the negro fills the observer with astonishment." Tillinghast says, in another place: "In common with all peoples of low culture, the West Africans are unstable of purpose, dominated by impulse, unable to realize the future and restrain present desire, callously indifferent to suffering in others, and easily aroused to ferocity by the sight of blood or under great fear. More peculiar to themselves are a pronounced aversion to silence and solitude, a passionate love of rhythm in sound and motion, an excessive excitability, and utter lack of reserve—their intense emotions, their strong sexual passion, their cupidity, their erratic impulses are continually breaking control, even at the cost of immediate disaster." He also brings out their mendacity and low cunning and incapability for organization.

Every one of these characteristics, as well those mentioned as specially characteristic of the negro as those common to all peoples of low culture, appeals to me as strikingly true of the Russians unless it be the aversion to silence. The traits which we look for in the South Italian, the *dolce far niente*, the universal thieving and eye service, are unmistakable.

When we find a population mainly of Finnish descent exhibiting traits so diametrically opposed to those manifested among the Finns of Finland, though under almost identical conditions of soil and climate, some other reasons must be sought to account for these characteristics. Serfdom never existed in Finland.

Comparing the Russians again with our negroes, it is easy to see that, with both, centuries of servitude must have dulled their instincts as to property rights and veracity, wherein the true Finns so excel that they have been called fantastically honest.

As to property, it was the boast of Alexander II that his ex-serfs were better off than the peasantry of most European countries, as they owned the land tilled by them; but they continued to be tied down by laws preventing them from leaving their villages, and the taxes imposed on the communities in which they dwelt were so severe that perhaps even the propertyless negro was better off at first, and since then much has been done, both by the authorities and by missionaries from the North to raise the negro financially, socially, morally, and religiously; moreover only in a few districts did the negroes form a large majority of the population. On the whole, there seems little question that the condition of the negro has improved somewhat and is still slowly rising, except as to political influence and power. Booker T. Washington may, perhaps, be considered too enthusiastic, but his own progress has been immense, and he is not alone. On the other hand, even Kergall pointed to the condition of the peasantry in Russia as a serious menace, though the rest of his essay was so laudatory of everything Russian that it was being circulated gratis by the Russian financial agency in Paris two years ago. Outside of the cities little has been done to improve the condition of the mass of the former serfs, except for a few individual efforts, and often these have been discouraged by the authorities, as when Tolstoi was forbidden to open soup kitchens in the famine districts.

Very few of the lower classes of Russians (making 90 per cent. of the whole) can read or write. In 1896 only 28.4 per cent. of the recruits for the army could write, even according to the low Russian standard, and the recruits would run well above the general average.

There is little doubt both that illiteracy among the negroes is less than among the Russians, and that it is decreasing. The census of 1900 showed only about 48 per cent. of illiterates among the negroes in the Southern and Southern Central States

versus about 76 per cent. in 1880. Even Mississippi makes some provision for the education of negroes, while among the Russian peasants education seems to be on the decline. Quite a number of schools had been started by the zemstvos, but within the last three years many have been closed by practical confiscation of their means of support for the needs of the imperial treasury. Their principal revenue seems to have been derived from the sale of liquor licenses, and these have been abolished by the extension to all Russia in Europe of the imperial liquor monopoly. Some compensation was allowed to the former liquor dealers, but none to the local authorities. It is an open secret that the Minister of the Interior was not grieved to see their powers thus restricted.

The negro has to face one difficulty from which the ex-serf is free. There is no difference in race between peasant and noble, so that the peasant has no social obstacle to overcome to rise to the highest position in the state, if he has the ability and energy; while the faintest trace of negro blood condemns the individual in our country to social ostracism. But even this seems to be finally turning to the negro's advantage.

Its first effect was to drive the negroes together for mutual support. Whereas at the close of the war they were fairly distributed over the richer parts of the South, they have drifted together so that many counties now show over 80 per cent. of the population colored. They have been most degraded where the whites were fewest, the remnant being mainly Jewish merchants who were exploiting the negroes most usuriously, as the Jewish middlemen have done with the peasants in Russia. But three new features have lately developed which coöperate to improve the situation. First, an improved demand for labor has led the planters even in some of the most benighted parts of Mississippi (the State having the largest proportion of negroes, rising in one county to 94 per cent.) to improve the quarters, so that the scandal of the one-room cabin for a whole family is slowly passing away. The chimneys made of sticks plastered with mud, which formerly characterized alike the izba of the serf and the cabin of the slave, are slowly disappearing throughout the black belt. Almost all the new chimneys are

of brick, and glazed windows are becoming more frequent. Second, concentration has made the negroes easier to reach, and the industrial missions, manned sometimes wholly by negroes, are beginning to exert an influence all the more powerful because nominally they do not aim at the negro's morals or religion, but only to improve his temporal state. Often these are connected with small corporations for buying land wholesale and cutting it up for sale to negroes at a small profit, so as to return to the stockholders 6 per cent. on their investment. These companies make a point of trying to keep their clients out of the hands of the Jews, and make easy terms so that the customers can slowly work out of debt. Often they have stores where staples are sold at a fair profit, but where the negro is not urged to buy unnecessary luxuries. These institutions are making the negro's path easier in enough neighborhoods to affect the general average sensibly. The region around Tuskegee is notably less degraded than similar districts fifty miles away. Its influence is plain for a radius of at least ten miles. The number of one-room cabins for that distance is very small, and many farmers have patent seeders and other simple machinery, and they are fairly provided with cattle. There is scarcely a white farmer in this district.

But, perhaps, the most important point is that the segregation is causing differentiation among the negroes, thus giving those of most ability the leadership which naturally belongs to them, and creating an organization instead of the incoherent mass which they formed before. I do not refer to exceptional men like Booker T. Washington, but to the host of minor leaders, who collectively are more important than any single individual.

As the negroes gathered, the whites withdrew to the towns, ultimately giving over the care of their plantations to colored superintendents. These men are plainly destined to become the eventual owners of the land if this tendency continues, and thus, each in his radius of action, the center of resistance to the white usurer, who now seems the worst foe of negro development. Plainly the hope of really improving his condition has begun to act on many a negro, prone though he be to quick discouragement, and it is raising individuals among them to an important

extent; but for the Russian peasant, tied down to his communistic holdings, and seeing the whole community a little worse off year by year, generally no such stimulus exists, except in sporadic cases, too few to be significant. Even among those who have abandoned agriculture to become factory hands there is bitter disillusionment, as is indicated by the great strikes of 1902 and 1903. Since then their case has been rendered even worse by the admission of German pig iron duty free as a war measure. This is probably a death-blow to many blast furnaces. The iron industry was staggering before, with decreasing output, even under the stimulus of a protection which seems extravagant to us. In a pamphlet on preferential tariffs issued last September, Mr. Balfour estimated the average duty charged on English goods entering Russia to be 130 per cent., while those to this country paid about 70 per cent., and those to Austria, France and Germany about 40 per cent.

The outrageous prices made possible by such a tariff are the great cause of the increasing misery of the peasant. He has no idea of the reason: he only knows that all he has to buy has gone up enormously, while his crops bring no more than before.

Another force working alike on Russian and negro is superstition. In a previous article the separation of religion and morality was commented on as enounced by a Russian statesman in a manner strikingly similar to that mentioned by Bruce, as quoted above. The Russian's religion generally amounts merely to a series of quasi-magic observances, which he is assured will provide him a future state of happiness in which he firmly believes, but which influences his conduct on earth only as he occasionally attempts to propitiate St. Nicholas or some other patron from whom he desires help in some undertaking. For the negro in Africa religion was a still grosser superstition. The transition period of slavery in America was to him unquestionably a period of enlightened development as compared with his state in Africa, and in it he probably improved both physically and morally, while on the other hand it seems probable that the Russian degenerated under it.

The original state of the negro was doubtless worse than that of the Russian before the latter was reduced to servitude, but

during slavery the negroes gradually acquired some knowledge of Christianity, out of which they have developed a kind of emotionalism which they consider the essence of religion. Far as it may be in practice from the definition which we have of true religion, i. e., "to visit the fatherless and widows in their affliction and to keep himself unspotted from the world," it is, nevertheless, a great advance over the hoodoo or voodooism which they brought with them from Africa, and which unfortunately still subsists alongside of their church organizations, though probably its influence continually diminishes as education advances among them. Still it is little more than a year since I attended the trial before an English judge in Jamaica of two negroes accused of practicing witchcraft, who were sentenced to terms of hard labor for pretending to compass the death of another negro by voodoo charms. Unquestionably superstition has weighed very heavily against both of these races.

Religion reached the Finns of Finland in an entirely different way from that in which it went to their Russian neighbors. To them it came through Sweden. At the time of the Reformation Finland belonged to Sweden, and the Finnish regiments were among those in whom Gustavus Adolphus placed his firmest reliance. The Roman Catholic religion also reached all through Poland, where, to-day, the efforts of the Russian administration to uproot the Roman Catholic faith form one of the sorest grievances which the Poles have against Russia. It is in Poland, however, that the greatest wealth of Russia lies from the productive standpoint, and the Poles have a little better reputation as workmen than most Russians.

Another thing not to be disregarded is the influence of heredity. Even in the time of Herodotus morals were of the loosest in what was then known of the country now comprised in the Russian Empire, and it is probable that this has had an important influence there, and perhaps to heredity may be ascribed the fact that on the whole, next to the Germanic provinces of Russia and Poland, the most industrious part of the population of Russia proper seems to be the north, where there is a very large proportion of Finnish blood. In the east the Bashkirs and the Tartars, both of them Mohammedan races, are much

more to be depended on as laborers than their Christian neighbors, but Christians and Mohammedans very rarely intermarry, and they remain entirely distinct. The greater reliability of the Tartars may, perhaps, be ascribed to their religion, which seems superior to the debased parody on Christianity which goes by the name of the Russian church. Finland and the Germanic provinces are Lutheran.

In spite of his drawbacks the Russian is said to make a good soldier when properly trained and officered, but so does the negro. The black regiments of United States regulars are said to fall no whit behind their white fellows in discipline and efficiency, but it is considered doubtful whether they would do so well if they should lose their officers.

It is curious to find Tillinghast, in his book on "The Negro in Africa and America," classing among the most important drawbacks which the negro has had to contend with, communism and polygamy, which last in America became practical promiscuity. The communism of which he speaks is very different in detail from that found in Russia, but its effect is similar. There is little difference in the promiscuity. The Russian has, moreover, one serious defect which the negro lacks. He is an habitual drunkard, which the negro is not. Though the negro will get drunk generally, if he can get liquor for nothing, he seldom wastes all his pay on it, harmless ostentation being a more typical dissipation with him when he can afford it, especially in the shape of gaudy clothing.

While the negro's condition seems to have improved since emancipation, that of the Russian has grown worse, and probably in large measure because of the well-meant efforts of various Czars to better his condition, beginning with Paul, who toward the end of the eighteenth century decreed that no serfs should be forced to work more than three days in the week, thus stimulating their natural indolence as far as the ukase went; but there is reason to think it was never heard of by the majority of serfs, as enforcement of it was necessarily left to their masters.

It is said that the Russian peasant will believe anything that is told him by any one in uniform, and herein lies a great danger for Russia itself. In April, 1902, a student, who had

been turned loose by the closing of the universities not long before, procured the brilliant uniform of a general, and, going among the peasants of the province of Pultava, told them that he had been sent by the Czar to grant to them two-thirds of all the property of the landholders. Of course, they were delighted and rushed off to the landholders and told them to choose their third and the peasants would take the rest. Naturally, they refused and telegraphed for help. But help was slow to come, and the peasants carried off most of the movables before any troops could be found, and when they finally did come the peasants went into the churches and took out the holy pictures to hold in front of them, and these the soldiers refused to fire on.

Such are the facts as I heard them in the adjoining provinces as they had come through by word of mouth. No newspaper ventured to print them. As I in turn was telling these things to a Russian in Moscow, he said, "I had not heard of that, but I believe it. It was a typical peasants' trick to get the holy pictures to hide behind." There were stories in our papers at the time that the soldiers had refused to fire on the rioters, and had been frightfully disciplined for it. Such humanity on the part of the soldiers seemed hardly Russian, and this explanation seems much more probable, particularly as I afterwards heard that the soldiers were not severely punished for refusing to fire. The upshot was that the government finally paid large sums for reimbursement of losses to the landholders. This was not charged to profit and loss, but as a loan to the communities, adding to their arrears of taxes an amount which the government probably included in the arrears remitted last April, but in the meantime it appeared on the books as an asset.

The whole country is a seething mass of discontent, especially in the cities and among the workingmen in factories. The peasants are generally blindly devoted to the Czar, though they hate the chinovniks, but the only man of the many with whom I spoke of this in Russia who did not expect a revolution in less than fifty years thought it impossible for lack of organization; but hunger may drive the whole mass as from 1788 to 1790 in France. Many intelligent men say that it is likely to come



whenever there are three consecutive bad harvests. Moreover, the government seems to be losing its absolute power. Last year reports came that the brigands in the Caucasus were getting beyond control. It has been evident for some time past that the people of the mountains have been growing more and more discontented. In May, 1902, the authorities suddenly had to face the problem of wholesale emigration of the Mohammedan races of Eastern Russia through the Caucasus to Turkey. Perhaps they would find themselves even worse off there than in their present surroundings, but Russia is and always has been ruled by sentiment rather than reflection, and at last sentiment has taken this turn, thrusting on its rulers the dilemma of losing the best part of the population of Eastern Russia in Europe or of stirring up religious fanaticism by refusing them permission to join their co-religionists in the Turkish Empire. The idea of pan-Slavism has been one of the few which the Russian peasant has grasped with the passionate fervor which once in a while drives a Slav to some astonishing achievement. As no other possible head appears than Russia for a pan-Slavonic movement, this has been a point of great danger for the Austrian Empire, in which the sum total of the Slavonic elements is greater than either the German or Magyar, even if it be not an absolute majority. In the Balkan Peninsula likewise the Slavs predominate, and even Prussia has some reason to dread this wave of feeling and is spending immense sums to Germanize its eastern provinces, so that this sign of a counter movement in Russia on an important scale is most gladly seen on many sides. The only thing which makes Russia formidable is that its population in their ignorance can be driven as a vast, unreasoning mass against any obstacle and may overwhelm it by brute force. At what sacrifice of life few Russians care.

An unexpected testimony as to Russian barbarism came from Frenchmen scattered all over Russia. Every one of them with whom I had any talk on the subject (and they were quite numerous, though I never brought it up) volunteered his opinion that the Franco-Russian alliance was a disgrace to France. Probably if it had been attacked they would have defended it,

but their spontaneous feeling was one of disgust. In fact, in some places there is a tendency for English, French and Germans to draw together and organize for the protection of the civilized races against the barbarous natives.

In all its career of conquest Russia has probably never met so redoubtable an adversary as Japan. The Japanese have an equal disregard for life and are possessed by a burning hatred of Russia, which offsets the disparity in numbers; moreover, they seem to have gained the confidence of the Chinese to a great extent, and in the present war over Manchuria this may put even the preponderance of numbers on their side. It is recognized in Russia that the Manchurian move is so far a commercial failure. Probably it is only the inevitable loss of prestige which made Russia hesitate about withdrawing. The Russian masses probably lack the interest in Manchuria which they feel in pan-Slavism, though the city mobs clamor for revenge on Japan.

With war on the Chinese frontier, where an army is now supplied with difficulty and at great expense over a poorly built single track railroad 5,000 miles long; and with the discontent among the Tartars and Turcomans, distant cousins of the Chinese; and with the uprisings in the Caucasus and Armenia, where recent great landslides on the railroads have perhaps not been unassisted; and with the suppressed rage in Finland and Poland and the risings against the Jews; it would not be surprising, in case of further international complications, if the result should be what an intelligent Russian in Moscow gave me as his opinion, namely that Russia would be beaten all along the frontier in the next war.

In spite of superficial advances in the towns, it appears probable that the general conditions in European Russia are growing less and less favorable. While giving credit to the Czar for the best of intentions, I regard the recent attempts at reform as likely to hasten the coming of revolution, just as Turgot's attempts in 1775 did in France. Doubtless the Czar is an abler man than Louis XVI, but he has a harder problem. No careful student looks for better things as a result of revolution, but merely the emergence of some new despot. One patriotic Rus-

sian, who for many years had lived in France as an exile, though finally permitted to return to Russia, told me with tears in his eyes, that the thing of all things which he hoped for his country was a foreign war in which Russia should be disastrously beaten. He could see no other escape from present conditions.

With its low vitality Russia is hard to kill, like the spreading fungi which carry ruin to vegetation. It is not by its strength but by its weakness that Russia is dangerous, and he who helps to develop Russia as it is now being developed, in my view is aiding to spread a moral contagion. The enormous undeveloped natural resources of the country are not worth developing under present conditions, though they have served to impress French, German and Dutch financiers to the point of lending fresh money to this octopus. However, the tide seems to be turning here also, and not long ago one of the greatest Dutch bankers told me that he did not believe that the principal of the Russian loans would ever be repaid, though the interest might be forthcoming for a long time. It is only the character of the population which prevents the bonds of South American republics from being good investments. Why should not the same apply to Russia, which in general is greatly inferior to South America in natural resources?

It has been suggested that it is curious that a country in Russia's condition can go on trembling at the brink of a precipice without falling over. The answer is that it is rather at the foot of the precipice than at the top. That a country has fallen in the scale of civilization by refusing to pay its debts is no more a sign of impending dissolution than bankruptcy is of sudden death for the individual. Colombia practically repudiated all its obligations twenty-five years ago, and yet has enjoyed a certain prosperity ever since. It maintained its territorial integrity till the secession of Panama, and was a standing menace to Venezuela and Nicaragua, to each of which it owed a grudge. Not a few individuals have made great fortunes in South America since its general bankruptcy became evident about 1890. It is a great relief to a country to free itself from payments on its national debt. Great public improvements must

generally cease when its credit fails, but generally the degradation fails to affect the masses directly, and often renders the country only more formidable by depriving it of the highly organized centers which could be attacked with the hope of paralyzing it. Russian readiness to promise anything, without any regard to fulfilment, has helped them greatly in dealing with Oriental tribes, who seldom really expect promises to be made good, and cannot understand why the English are so comparatively chary of them. Till the recent contact with Japan, Russia has never encountered any organization in Asia capable of calling it to account, unless Turkey be so considered.

Comparison with South America shows how extremes meet. An autocracy and a republic both reach a like condition where there is no respect for the rights of others and where no man trusts his neighbor. Again Germany is in many respects held more strictly in leading strings than Russia, where license is so unbridled that some people have considered it the freest country in Europe; but in Germany life, liberty and property are secure, whereas in Spanish America or in Russia all three are precarious. More than a form of government must be altered before Russia can emerge from its present condition. For many years to come any other government than an autocracy in Russia would probably make matters even worse than they are now. It might be found possible in Russia to excel even South American anarchy, as it has been excelled in Haiti. The only apparent hope for the country lies in Siberia. Owing to the very sparse population there, the blackmail system is not thoroughly established, and it is possible that sufficient self-respect may grow up together with the greater well-being which abundance of land has given the peasant, so that he may be able to resist the contagion. It is a country with magnificent possibilities in the hands of a good population, but so far, except criminals and political exiles, Russia has had no population to send there but Russian peasants. A stream of Chinese began to flow over the boundary about five years ago, but they were found so unmanageable that the Russian government took refuge in a Chinese exclusion act. Russia has more reason to fear the "Yellow Peril" than any other country.

If Russia could be given for a generation autocratic government with an honest administration, it is possible that it might be cured of some of its ills, but the present nominal autocrat is one of the most helpless of men. Since the day of Peter the Great no one has been strong enough to really manage Russian affairs. They are now managed by a bureaucracy and the only really central power is the Minister of Finance. To him all come for money, so that as far as that goes he is the real autocrat of all the Russias, far more than the amiable gentleman to whom he makes reports. The extent of the control exercised by the Czar is perhaps well shown by the following tale of the Czar and his ministers, which I picked up in St. Petersburg. The Czar is reported to have said of his ministers that when they brought him reports he read them but could not understand them, and when he asked questions about them the ministers did not seem to understand them either, all except Mr. Witte. The Czar could not understand his report either, but when he asked questions about it, at least Mr. Witte seemed to know what it was all about. When the man comes to power who is capable of forcing all his ministers to give him honest and comprehensible reports, and who is also capable of digesting and coördinating them so as to go ahead understandingly, then there will be hope for Russia, but till then the outlook is poor. When that happens a greater than Peter will be there.

N. T. BACON.

Peace Dale, R. I.

## WORKMEN'S INSURANCE IN GERMANY.

### II.

TO form an opinion as to the value of a given legislative measure, we should, in the first place, ascertain the results attained by its application. Such an opinion would, of course, remain very one-sided, until we had ascertained: how far has the said measure realized its aims and, secondly, does it—in general and in particular—meet the demands that have called it into existence better than any other social remedy, whether tried in the country of its application or anywhere else. Should we, for instance, attempt an appreciation of certain methods of colonization exclusively on the basis of purely statistical data, such as expenditure, number of persons transported, etc., we should easily arrive at a picture quite at variance with reality.

Similarly should the student of workmen's insurance in Germany avoid being unduly impressed by official proclamations, be they ever so sincere; or by the gigantic figures that will meet his first glance upon the question; or the Grand Prix of the World's Fair of 1900 given for the impressive obelisque that represented the 2,400,000,000 marks in gold paid out as insurance benefits to workmen since the existence of compulsory insurance in Germany; or even by the authority of prize-crowned dissertations on the subject that are quoted as such by the authors themselves.

The only standard that could safely be applied to the question could evidently be formed solely by a cool investigation discussing the different types of insurance from one immovable point of view: how far do they satisfy the *real needs* of the working class:—a commonplace, no doubt, but one whose cogency will be self-evident to anyone acquainted even superficially with the overgrown literature of the subject, who perceives how overwhelmingly it abounds in high phrases, learned bombast and calculating tricks that cover but thinly snug easy-chair reflection or rampant party interests.

There arises at once the problem of finding an approximately objective definition of the intrinsic needs and wants of the working class,—one of the most difficult and, at the same time, most urgent nature. The key to its solution may be furnished by the results of *enquêtes*, inquiries that would give to the representatives of all the interests of the class concerned a fair all-round opportunity to express their view on the matter; they would give the student a safe point of issue. Unfortunately, such *enquêtes*, though eagerly sought for, have not been as yet arranged in Germany.<sup>1</sup>

We shall therefore be obliged, *faute de mieux*, to fall back upon the live data furnished by the leading criticisms, objections, protests, demands, and desiderata, that have found their expression in current literature. We shall not, of course, attempt the Sisyphian task of being quite exhaustive, nor even concern ourselves with all the opinions that have been expressed on the matter. Nor is there any actual necessity for such far-going completeness. For the purpose in hand, we have to consider only such arguments and views as give a reflection of broader party programs, the watchwords of typical groups of interests and, lastly, the expression of expert opinion.

In the controversy that surrounds the subject of compulsory

<sup>1</sup> In consequence of an interpellation of the social democrats: "By what measures does the Chancellor intend to meet the consequences of the economic crises that appear in the shape of restricted industrial activity, decrease of wages and dismissal of the industrially employed, and thus to allay the distress of broad layers of the population?"—the State Secretary, Count Posadowsky, replied (Parliamentary Debates, Oct. 15, 1902) that "the united governments would at the earliest opportunity take a definite position with regard to the question and would investigate what scientific and practical lines should be adhered to." From this declaration (in connection with an earlier parliamentary resolution on the formation of a mixed commission, that was to investigate the question of unemployed) some papers assumed that the Bundesrat (Federal Council) had decided to form an *enquête-commission* in compliance with the wishes of the parliament. But Nov. 24, 1902, the official "Berliner Korrespondenz" brought the news, that it had been merely decided to request of the Chancellor to have it stated by the Imperial Statistical Office, what (and with what effect) measures had been taken hitherto with regard to the insurance of the unemployed, which, however, should be considered as settling the resolution. Cf. *Soziale Praxis*, xii, 4, 6 and 9; cf. also K. T. v. Inama-Sternegy, *Staatswissenschaftliche Abhandlungen*, Leipzig, 1903, p. 391.

workmen's insurance in Germany the first attacks were directed against its would-be "socialistic tendency,"<sup>1</sup> Such accusations would hardly disturb many minds now; but in those days, with the anti-socialist law of 1878 in the heyday of its power, the branding of a governmental measure as "state socialism" (Staatssozialismus) created no mean sensation. It was typical of a time that would blindly set the dread hall-mark of socialism upon any economic direction or social endeavor showing sympathies with the affairs of workmen; numerous words compounded with "socialism" have been thus set into the world that, for obvious reasons, are still preserved between inverted commas.<sup>2</sup>

And yet the government has expressed its own tendencies clearly enough; the new measure was to be a complement of the anti-socialist law. "The remedying of social evils will have to be attempted *not exclusively* by the suppression of social democratic excesses, but *equally* by positive means of furthering the well-being of the working man,"—thus ran the "Message" of William I, of November 17, 1881. There are even now not a few devout in the belief of the identity of social evil and socialism, to whom the above sentence has become an axiom. Thus we read in *Soziale Praxis*, No. 11, 1902: "There is no other remedy to restore to empire and state those millions that now follow the flag of social democracy, but the carrying through of social reforms after the sublime promises of the emperors' messages of November 17, 1881 and February 4, 1890."<sup>3</sup>

<sup>1</sup> Cf. L. Bamberger, Thdr. Barth, M. Broemel, *Gegen den Staatssozialismus. Drei Abhandlungen* in "Volkswirtschaftliche Zeitfragen," No. 41-42, 1884. H. Blum, *Die erste Frucht des deutschen Staatssozialismus*, Leipzig, 1881. Ad. Wagner, *Vortrag über Sozialismus, Sozialdemokratie, Katheder- und Staatssozialismus nebst einem Bericht über Prof. Wagner's "Erscheinen an d. Saar,"* Berlin, 1895.

<sup>2</sup> Cf. F. J. Neumann, *Wer ist heute Sozialist*, in Conrad's "Jahrbücher für Nat.-Oek. und Statistik," Jena, 1902, III Folge, 24 Band, IV Heft.—G. Cohn, *Was ist Sozialismus?* 1878.—G. v. Schönberg in Schönberg's *Handbuch der Politischen Ökonomie*, IV Auflage, Tübingen, 1898, Bd. II, p. 10. W Lexis art. s. t.: *Kathedersozialismus* in the "Handwörterbuch der Staatswissenschaften," II ed., vol. v, Jena, 1900, p. 50.

<sup>3</sup> Cf. M. Block's *Les assurances ouvrières en Allemagne* 1895. In the same place he also gives vent to the opinion that the liberal measures "were to Prince Bismarck the velvet glove to hide his iron hand; though for the Emperor William I they were an expression of his candid wish to benefit his people."



Events have not justified these expectations. The new measures could not outbid the program of social democracy, to whom every social reform means but a new stage in their progress; the statistics as well as every new election are eloquent of the steady increase and spreading of their influence in Germany.<sup>1</sup> Little wonder, then, that the government feels sorely disappointed at thus seeing the bait carried away with the trap; that the evidence of its sympathies with the working classes—never of very fast a dye—shows a very distinct fading since the nineties, which expresses itself plainly in the slackening of the reformatory impetus. Thus far the political aspect of the question. However, although the government has failed signally in its political *side issue* to the question, not even its staunchest supporters could logically draw from this failure any argument against *workmen's insurance itself*.<sup>2</sup>

On much more general and vital foundations are based the arguments directed against the financial side of the law. Contrary to those of a purely political character that attended the earliest years of its existence, these are asserting their influence down to this day. Indeed, they affect most seriously the movement tending towards the expansion of its sphere of action; for how could a prudent legislator risk adding to the load, if the sacrifices borne up to the present moment are already proving too burdensome for industry to bear. In the parliamentary debates of 1884 on the "Law for Workmen's Insurance against

<sup>1</sup> The number of members of German trade-unions (Gewerkschaften) rose from 277,659 in 1891 to 329,230 in 1896, 580,473 in 1899 and 680,427 in 1900; a slight falling off in 1901 (677,510 members) was caused by the then existing economic crisis. Cf. *Soziale Praxis*, 1902, No. 39.—The social-democratic deputies of the Reichstag got: 1871, 124,000; 1874, 352,000; 1877, 493,000; 1878, 437,000; 1881, 312,000; 1884, 550,000; 1887, 763,000; 1890, 1,427,000; 1893, 1,787,000; 1898, 2,107,000, and 1903, 3,025,000 votes.—Cf. W. Bortkiewicz, art. *Die finanzielle Stellung des Reichs zur Arbeiterversicherung* in Conrad's "Jahrbücher f. Nat. u. Stat.," 1898, vol. xii, p. 551.

<sup>2</sup> Huret (*Enquête sur la question sociale*) relates a typical incident on the authority of one of the leading Berlin financiers, Hausemann. The Emperor William II, on the occasion of receiving a deputation of workmen on strikes, recommended them to give up social democracy; shortly afterwards he was apprised that one of the delegates then present had baptized his newly-born daughter by the name Lassalina.

Accidents," a majority was for the method of assessment of yearly expense (Umlageverfahren) in preference to capitalization (Kapitaldeckungsverfahren), which former, though it benefits the present generation at the expense of the future, permits "the withdrawal of a minimum of capital from productive employment by the members of the professional associations (Berufsgenossenschaften)." <sup>1</sup> The same apprehensions were expressed at the reading of the Bill of 1900; but at that time capitalization had already a considerable number of partisans, and the law of June 30, 1900, assumed therefore a middle way, namely that "the reserve capitals of professional associations (Berufsgenossenschaften) be increased so as to pave the way for passing to fixed annual contributions." <sup>2</sup> Such a turn in the opinion of a parliamentary majority could only originate from a growing consciousness that workmen's insurance presents advantages to German industry, and that, possibly, it may have assisted in the powerful development that marked the time of the social reforms in question, and also, that the protests that "insurance of workmen was sapping industry of its necessary capital," was not sufficiently sound. <sup>3</sup>

Indeed, as has been proved by E. Lange in his paper entitled "Are the capitals that go to form the reserve funds of professional associations withdrawn from industry?" <sup>4</sup> we have here a survival of the now somewhat obsolete theory of "saving and starving"; and as to the above argument itself, to use Lange's own words, "the circumstance that the contributions themselves go to create capital hardly justifies the view, that they are withdrawn from those values that bear the collective name of Industrial Capital." Quite the contrary, the continuous fall of the rate of interest following in the wake of the ever-increasing supply of cash, will, as time progresses, press the latter more and more into the service of industry as presenting the more advan-

<sup>1</sup> Cf. *Drucksachen des Reichstags*, vol. iii, p. 69.

<sup>2</sup> Cf. Woedtke-Caspar, *Unfallversicherungsgesetz*, V<sup>te</sup> Aufl., 1901, pp. 286-294. The debates on the question are here given in full, and also the calculations of results which, it is alleged, may be expected from leaving the capitals during seventy-six years in the hands of private enterprise.

<sup>3</sup> *Soziale Praxis*, 1902, No. 6, column 161.

teague investment.<sup>1</sup> The expenses of insurance would, however, contribute merely to the total of the "dead" expenses of production, that can and ought to be borne by the consumer;<sup>2</sup> as it is, they would influence the cost of production less than the fluctuations in the cost of raw and auxiliary materials (e. g., coal) and of labor. The increase of this item of expense would therefore cause either an economy in production — by improvements in machinery, cheapening of administration, etc., or a shifting of the burdens upon others (employees or consumers), or else the employer will have to rest content with smaller profits. In none of these cases can a withdrawal of capital be claimed, and any undertaking that could not meet such additional expenditure would have been unable to withstand any untoward change of conjunctures. Lange demands therefore, that this argument be withdrawn finally from the discussion,—a demand we can but endorse.

The same objection against workmen's insurance on the grounds of its assumed *unproductive* expenditure reappears in a slightly different setting; here it is still more dangerous to the popularity of the idea, seeing that in this form it appeals more immediately to national sentiment. At the Sixth International Congress for Workmen's Insurance in Düsseldorf (June 17-24, 1902) and also at the later Cologne Conference of Delegates of the International Association for the Protection of Workmen through legislation (*Gesetzlicher Arbeiterschutz*) of October 16, 1902, proposals were proffered voicing an introduction in all civilized countries of reforms similar to those existing in Germany; "if this were not done, Germany, as holding at the present moment the lead in this direction, would have to regain equal conditions in the international market by the

<sup>1</sup> M. Block's apprehensions (l. c.) that the fall of the rate of interest through its suddenness might seriously affect the economical affairs of the nation and, in particular, also the workmen's insurance, are not substantial; for the investing of the insurance capitals as loans advanced on enterprises of national utility reduce this influence considerably. As to the internal affairs of insurance, these cannot be injured by this fall, as an equilibrium is always obtainable by an increase of the rate of contributions, which latter is a natural corollary to cheapening of cash.

<sup>2</sup> As proved first by L. Brentano in his *Die Arbeiterversicherung gemäss der heutigen Wirtschaftsordnung*, Leipzig, 1879.

introduction of reprisals in its customs policy." Fortunately this view—namely that the competitive power of Germany had suffered by the social reforms in question<sup>1</sup>—was opposed most energetically during the debates of the congress.<sup>2</sup> Besides, all leading opinions seem to be unanimous on this score. In 1897, at the Congress in Zurich President Scherrer held forth that the Congress should take for its highest aim the deliberate furthering of social reforms by legislative means. "We should, however," said he, "*deface these aims* did we—just as do the secret adversaries of workmen's protection—commit ourselves to the statement that *only by international treaties could the basis be prepared upon which national workmen's protection could be led to further progress.*" On the occasion of the Conference in Cologne Prof. E. Waxweiler writes, continuing, as it were, this sentence: "The adherents of the social reform movement place themselves in an awkward position to impartial eyes and towards the general public if they themselves give cause to apprehend that their measures might trammel the progress of industry. . . . It should be, in the first instance, brought to proof, whether countries with the longest working hours and the employment of ten-year-old children are the most vigorous competitors. . . . After all has it not been proved by facts, inquiries, reports of factory inspectors, etc., that protective legislation is itself capable, like Achilles' spear, of healing the wounds it has inflicted." <sup>3</sup>

All that has been stated by the writers above more generally, touching the beneficial influence of social reforms upon the development of industry, we find repeated by the best authorities on workmen's insurance in Germany. How could the question be raised as to the expensiveness of insurance—exclaims one

<sup>1</sup> In either case this opinion was endorsed by the representatives of the government.

<sup>2</sup> Both in Düsseldorf (by President Bödiker) and in Cologne (by the President of the German section, Berlepsch) the *invigorating influence* of social reforms upon German industry was pointed out very strongly, and these statements were received with enthusiastic cheers. Cf. *Sosiale Praxis*, xi, No. 40 and xii, No. 3.

<sup>3</sup> *Sosiale Praxis*, xii, No. 3; art. s. t. "Arbeiterschutz und Konkurrenzfähigkeit."

of them<sup>1</sup>—if the yearly expenditure on it will come at the time of equilibrium (*Beharrungszustand*) up to 500,000,000 marks, while on alcoholics alone 3,000,000,000 a year are spent in Germany! . . . In the short time of a decade the consumption of spirits per head of the population rose from 4.6 to 8.4, and of beer from 99.2 up to 125 litres—not counting the increased consumption of wine,—while blood-related America shows a consumption of only 4.9 of spirits and 60.6 litres beer; this alone gives a difference amounting to 1,500,000,000 marks a year, which, surely, could be spared for better purposes! Would that this difference would end in the mere wasting of money. . . .” Such words express considerably more than had been put into them by the author; for not only do they widen the outlook into the future possibilities inherent in workmen’s insurance; but they also put a new aspect upon a hidden social ailment and throw out impulses that may lead to broader applications of similar activity in *foreign fields*. The greatest strength of the argument lies, however, in the fact that it inverts the entire position of the question; by a masterly stroke it “depolarizes” the underlying sentiment and deprives of its halo of unselfishness a self-righteous opposition presenting themselves as the disinterested guardians of the nation’s good and the voices and prompters of public opinion.<sup>2</sup>

<sup>1</sup> Dr. Zacher, *Rückblick und Ausblick auf die Entwicklung der Arbeiterversicherung in Europa*, Berlin-Grünwald, 1902, pp. 4-6 (being the No. XVI of “Die Arbeiterversicherung im Auslande,” Berlin, 1898, 1902, Heft I-XVI; Verlag der Arbeiterversorgung, A. Troschel, Berlin; Goldene Medaille, Paris, 1900). These few pages, in which a fearless and direct attack is led against the bad will shown by the upper classes of Germany in the temperance movement, are certainly the most valuable of the whole studious and bulky work, this being not always free from incorrect statements and a prejudiced one-sidedness in the estimation of foreign institutions.

<sup>2</sup> During the budget discussion in Parliament (January 20, 21 and 22, 1903), Count Bülow put forth the promise of a new era in social legislation: “That,” said he, “I should like to insist on most particularly, that a standstill in German social politic legislation is quite out of the question in the present as well as in the future.” It is characteristic that on this occasion he quoted William II’s words: “Right, and everywhere!” referring to Millerand’s remark on the *inimical position the middle class takes with regard to social reforms*. Cf. E. Fr. in *Soziale Praxis*, xii, No. 18 (art. “The development of social reform as a task of our century”).

Yet another argument has been propounded with great force, apparently inspired by pure anxiety for the workman's real good: would not insurance lead to an increase of accidents through thoughtlessness or even by deliberate intention? Indeed, a first glance at the statistical data that are quoted in support and illustration might incline one to concede to this view some *raison d'être*. On nearer examination, however, both argumentation and figures begin to look rather threadbare.

In spite of much that has been said on the subject we should hesitate to assume in the workman a *general tendency* deliberately to incur disease or to cripple himself for the sake of the insurance benefits. We repeat—a general tendency, for there are, no doubt, instances of accident incurred intentionally to obtain the miserable pittance; there are also cases where suicide is committed with the view of thus securing for the family the means of subsistence; but such cases are *exceptional*,<sup>1</sup> and, even if they did happen more frequently, the fault would remain with human nature, not with the system of insurance.

As regards the *figures* in question, we find, on nearer analysis, that the proportion of serious accidents and of those with fatal issue is falling rapidly, if compared with the ever-rising proportion of minor accidents; which may be due especially to the constant and enormous expense for sanitary and hygienic purposes. The general increase in the *total number* of accidents, as stated in official reports, is accounted for,—according to the competent authority of the Reichs-Versicherungsamt—by the following circumstances:

1. A better control over the notifying of accidents;
2. The necessity of hiring unskilled and untrained labor (especially in the building trades) in consequence of the sudden development of industry;
3. The increased application of machinery in industry and, still more, in agriculture, which, again, are in many instances served by inexperienced hands;
4. The better acquaintance of the working class with insurance law, in consequence of which its assistance is being applied far more frequently than formerly;

<sup>1</sup>The majority of private insurance companies do not question, after a certain duration of the policy, the claims of insured families of suicides.

5. The interpretation of the meaning of "Betriebsunfall" (accident arising out of or in the course of employment) by the Reichs-Versicherungsamt in the liberal spirit of modern legislation; this leads to a more frequent declaration, especially of minor accidents.

Bödiker<sup>1</sup> adds to this enumeration two more points:

6. The increased neurotism among the working classes;

7. The application of *new* machinery (cf. point 2).<sup>2</sup>

We see, therefore, that the increase in the number of accidents as stated by official reports has been brought in by causes that but in a very few cases could be connected with the working of insurance itself. Also, that there are merely two conclusions that we could draw from the material bearing on this question: 1. That by the improved methods of inquiry and registration which insurance had to apply, a whole undreamt-of mass of misery was brought to the view of an unsuspecting public, and (2) that the influence of a whole series of pernicious circumstances, that otherwise would have left a broad trail upon German social history of our times, has been laid by the working of social insurance.<sup>3</sup>

It may be said with safety that of the objections raised against the *principle* of workmen's insurance not one has stood the test of critical analysis, and that from the struggle of opinions it has issued with unabated force. The idea of workmen's insurance is about to conquer the entire civilized world<sup>4</sup> and the controversy can turn now not on its essence, but on *its realization*.

<sup>1</sup> Dr. J. Bödiker, *Die Arbeiterversicherung in den Europäischen Staaten*, Leipzig, 1895, p. 28.

<sup>2</sup> The explanation given by W. D. Yarotzki (in his most valuable work *Workman's Insurance in connection with Employers Liability*, St. Petersburg, 1905, in Russ) suffers greatly, as regards its completeness, by pointing out merely the improvement of registration, and omitting the considerations enumerated above from points 2 to 7.

<sup>3</sup> The preventive activity of different professional associations and the speedy aid rendered by local accident wards (Unfallstationen) has, for instance, given splendid results; thus in the Brewers' Association the amount of serious and fatal accidents *has decreased* during the last decade by one half (Zacher, l. c., xvi, p. 19). Where similarly favorable circumstances concur, we may safely expect a considerable progress in the decrease of the number of accidents, as well as an improvement of their quality.

<sup>4</sup> Cf. Zacher, l. c., No. xvi, p. 28; also his speech on the Congress in Düsseldorf and the art.: "Der Siegeszug der Arbeiterversicherung" in *Soziale Praxis*, 1902, No. 40.

The fundamental question around which were turning the debates of nearly all the six "Congresses for Accidents in the course of Employment and Social Insurance" may be put into two words: freedom or compulsion? In Paris (1900) this question was almost permanently on the order of the day,<sup>1</sup> and it formed the kernel of the able "résumé" read by the President of the Congress, Linder;<sup>2</sup> "Existing results of legislation have shown that between "nothing at all," that formed the system of Mr. Yves Guyot at Brussels, and "everything,"—viz: insurance not only compulsory, but also exclusively under state tuition,—there is a crowd of systems, mixed and pliable, easily fitting into the life and internal legislation of every country. . . . In any case, Germany has created a monument of wondrous beauty and power, on which it may be congratulated. Every country may find in it a mine of valuable information, which it may make use of in its own legislation, under the condition of adapting the knowledge thus acquired to national temperament."

This dilemma appeared equally real at the Congress of Düsseldorf, though a certain rapprochement was already noticeable between the extreme camps.<sup>3</sup> The German delegates held somewhat aloof from this movement, and their addresses bear but faint traces of the influence left by precedent congresses. Zacher, for instance, concludes his report for the Düsseldorf Congress by the following theses:<sup>4</sup>

"1. The *aim* of the modern protection of workmen (*Arbeiterfürsorge*) rests in the securing of the workmen's economical existence in the unavoidable adversities of modern industrial life.

<sup>1</sup>Cf. Congrès International des Accidents du Travail et des Assurances Sociales V<sup>me</sup> Session tenue à Paris du 25 au 30 Juin 1900. Tome II: *Comptes rendus des séances et visites du Congrès réunis et publiés par les soins* de E. Gruner. Paris, 1901, pp. 69, 73, 115, 124, 125, 129.

<sup>2</sup>*l. c.*, p. 182 and 183.

<sup>3</sup>Cf. the addresses of Fiedler (Paris), Corivon (Paris), and Count Skarzynski (Petersburg), *Sociale Praxis*, 1902, No. 40.

<sup>4</sup>*Die Arbeiterversicherung in Europa nach ihren Systemen.* Bericht für den 6. Internat. Arbeiter-Versicherungskongress in Düsseldorf: printed in "Die Arbeiter-Vers. im Auslande," No. xvi, pp. 13-18.



"2. The *means* for the solution of this problem is given by insurance.

"3. The *application* of this principle admits two systems: *voluntary* insurance with state support; *compulsory* insurance with state management.

"4. The choice of one or the other system depends on the *peculiarities* of the country in question.

"5. Compulsory insurance presents the double advantage that it is the quickest, safest and cheapest expedient for attaining the aim, and that by its ever accumulating means and by its organization it brings within easy reach the solution of other cultural problems."

Such a conclusion of what is not only a congress report, but also a far-reaching study of different systems of workmen's insurance, forcibly leaves the impression that theses three and four are dictated merely by the demands of courtesy binding the members of international congresses.

For, otherwise, what could be to the author's mind the value of voluntary insurance, if to him only compulsory insurance possesses the virtue of the "quickest, cheapest and safest attaining of the end and of best serving other cultural purposes." Should we therefore assume—from thesis four—that certain countries (e. g., of Latin race) are doomed to accept a system that is professedly unsafe, uneconomic and slow in its working? Or shall these countries find themselves forced into an acceptance of the German system that may yet be irksome to the national character—because, forsooth, there is no salvation beyond state compulsion? Such a view makes us *a priori* suspect a certain one-sidedness of the author that makes him blind to the otherwise quite distinguishable spots on his native sun. For the perfection of the German system is by no means so absolute, nor yet so unquestionable, as would appear from such an attitude.

The really vital and important part of the problem presents itself in the following aspect: that, although compulsory insurance is by no means free from constitutional failings, it may yet be relatively the best of all other existing forms, its advantages outweighing its faults.

With the question put in this way, ample space for further inquiry is gained. The main argument that Zacher makes in favor of compulsory insurance as compared with other systems is its alleged greater ease, cheapness and certainty in working.<sup>1</sup> And the official representative of Russia at the Düsseldorf Congress replied<sup>2</sup> to the address of the French delegates who were extolling the ethical superiority of voluntary insurance: Russia was led in its choice between the different systems by the circumstance that all other countries, France included, had not insured for old age under their system of private initiative half the quantity of workmen insured in Germany under compulsory insurance.

Indeed, workmen's insurance in Germany is dealing with masses of population in quantities and to a degree hitherto unknown on the Continent. Besides, it shows a constant tendency to ever expand its sphere of action. The amendments of 1892, 1899, 1900 and lastly of 1903, aim not only at filling up the blanks of the primary legislation, but they also include in the number of compulsorily insured ever new categories. Legislation is, on the whole, attentive enough to urgent demands as disclosed by expert investigation. Thus we find the strident criticism of Frankenberg<sup>3</sup> followed by a whole series of legislative measures covering, to some extent, the ground indicated by him.<sup>4</sup> Other categories of persons that still remain unconsidered, such as all employed in house and cottage industries,<sup>5</sup>

<sup>1</sup> Zacher, *Rückblick und Ausblick*, p. 28, No. 5.

<sup>2</sup> Cf. Zacher's art.: *Siegezug der Arbeiterversicherung in Soziale Praxis*, xi, No. 40, column 1048.

<sup>3</sup> Frankenberg in the art. s. t.: *Der tote Punkt der deutschen Arbeiterversicherung* in Braun's "Archiv f. soz. Gesetzg. u. Stat.," vol. xii, p. 75.

<sup>4</sup> Thus also the last amendment of 1903 brings within the reach of compulsory insurance for sickness all merchants' clerks and apprentices; raises the time of granting the sick benefits from thirteen weeks to twenty-six weeks (viz. up to the term when invalidity insurance steps in) and for maternity cases up to six weeks (formerly four) and abolishes the restrictions formerly set for sexual diseases.

<sup>5</sup> M. R. Weyerman points out (in his art. *Die Krankenversicherung der Hausgewerbetreibenden* in *Soziale Praxis*, xi, Nos. 33, 34) quite justly, "that the old assertions on the greater economic independence," "the healthier occupation in the own home," "the fresh rural family life" and other romantic transfigurations of this anachronistic, pernicious form of trade activity cannot

domestic servants and agricultural laborers,<sup>1</sup> will, no doubt, soon be included under the working of compulsory insurance. In its last session the parliamentary committee moved the resolution that was approved by the Parliament, by which the Federal Council (Bundesrath) is requested to put before the House in the shortest possible time projects of laws filling up the omissions indicated above.<sup>2</sup> The same endeavor to foster social needs according to their urgency marks the legislation concerning the insurance of workmen's widows and orphans. Thus, when the "Bundesrath" was given the right to permit the Sea Trade Association (Seeberufsgenossenschaft) to insure sailors against invalidity, the condition was attached that the sailors' widows and orphans should be insured too (§11 of the Invalidity Insurance Act, 1899). December 13, 1902, at the third reading of the Tariff Bill, the Parliament was acquainted by the Chancellor with the decision of the Bundesrath that the surplus income from the corn duties to January 1, 1910, be capitalized towards subsidizing this new branch of insurance. Whatever the doubts concerning the wisdom of connecting the destinies of so important an institution with a source of income so unstable,<sup>3</sup> the fact itself present sufficient guarantees that the widows' and orphans' insurance will not be allowed to remain in the region of projects.

On the whole, therefore, we must admit that the German Parliament has shown great activity in dealing with insurance, which "though it did not bring out great and original creations, has led to busy and earnest *work in detail* in all directions, that is sure to show rich profit."<sup>4</sup>

If then, the German system is able to organize assistance in be maintained." Cf. also Paul Scheven in *Schriften der Dresdener Gesellschaft für Sox. Reform*, Dresden, 1902, No. 1; and the resolution of Sept. 23, 1902, of all branches of the Berlin clothing and underclothing trades, in *Soziale Praxis*, xii, No. 2.

<sup>1</sup> Cf. *Soziale Praxis*, xii, No. 8 (art. of *Matutut*). The two last groups are not yet insured against sickness.

<sup>2</sup> *Soziale Praxis*, xii, No. 32, col. 853.

<sup>3</sup> Cf. *Soziale Praxis*, xi, No. 29, col. 755, and No. 38, col. 987, and xii, No. 12, col. 306.

<sup>4</sup> E. Francke, *Dringende Aufgaben der Sozialreform in Deutschland*, in *Soziale Praxis*, xii, 1903, No. 34.

sickness, accident, invalidity and old age, if it is extended over an ever-increasing area and gives reliable guarantees for widows' and orphans' insurance,—one would think that Zacher's proposition as to its superiority over voluntary insurance was already sufficiently proved.

Yet, in the article just quoted, a few lines after the bestowal of sincere praise upon the work done by the Parliament, Francke proceeds in the same breath almost: "A feeling of great uneasiness comes over us when we meet with the expression of vaunting self-praise that will persist in extolling the benefits to the workman and all that is done and showered upon him with full hands, and what tendency there is prevailing in giving the workman the preference in all things. . . . But just because we are placing our fullest trust upon the hope that workmen's insurance and protection will remain in trusty and active hands, our wishes and cares are directed upon a *much more important domain of social reform.*"

This important desideratum, left out in the scheme of William I, is *the question of the unemployed*. For some time of late this question has been a standing one on the order of the day, and, in consequence of the untoward juncture of the present moment it is gaining in strength and urgency every day.<sup>1</sup>

Here we have "a hardness and implacability of the individualistic economic system that, indeed, invokes a balancing and filing much more than many others that have already been subjected to these operations."<sup>2</sup> And still something more: for, seeing that the workman, his employment lost, cannot reasonably be expected to pay his contributions, we face here the problem of "*l'assurance de l'assurance*"—insurance insured!

But just in this particular next to nothing has been accom-

<sup>1</sup> The economic crisis is indicated characteristically by the circumstance that the German trade unions (Gewerkschaften) spent on the assistance of the unemployed in 1901—1,238,197 marks, as against 501,078 marks spent for the same purpose in 1900. Cf. also the *Report . . . on Trade-unions*, London, 1900, p. xxxii.

<sup>2</sup> Franz Kempel, *Die zweckmässigste Form der Arbeitslosenversicherung*, in Schäffle's "Zeitschrift für die gesamte Staatswissenschaft," vol. 56, No. 3, 1900, p. 388. This essay gives a remarkably clear survey of the whole literature of the subject, which is excellently grouped and analyzed.

plished in Germany,<sup>1</sup> and considering that "all investigations have shown concurrently that accompanying the crisis of a year ago a lack of employment has set in, spreading, with few exceptions, over the whole empire to an extent that has not been observed for a long time"<sup>2</sup> — it is not surprising that just at the present moment the demand for insurance against unemployment is urged with great intensity on all sides. In consequence of this pressure much preparatory work has been taken in hand and it certainly progresses surprisingly quickly.<sup>3</sup>

A special Department for Workman's Statistics has been created at the Imperial Statistical Bureau for the express purpose of collecting statistical data referring hereto; the department edits a paper under the name, "Reichs-Arbeitsblatt" (No. 1 appeared in April, 1903).<sup>4</sup>

It is of great interest to note the most important events of this movement. Towards the end of 1901 Pachnicke and Roesicke moved in Parliament that the Chancellor be authorized to form a committee to investigate all the methods of unemployed insurance that have been applied in Germany and abroad, and to advise on the best organization of this particular branch. At the Whitsuntide Congress of 1902 of the delegates of the General Union of Protestant Workmen's Associations (Gesamtverband der evangelischen Arbeitervereine) a resolution was carried to centralize and reorganize the labor bureaux (Arbeitsnachweis); to try in workmen's associations a mutual unemployed insurance; the latter to be a mode of transition to compulsory state insurance in the form of professional associations (3); finally, to direct a petition to the above effect to all authorities—imperial, state and communal (8). At the fourth congress of the German trade unions (Gewerkschaften) in Stuttgart, June 16–21, 1902, a resolution was carried by which "the

<sup>1</sup> Kempel, l. c., p. 389.

<sup>2</sup> G. Sydow in the art. s. t. *Zur Bekämpfung der Arbeitslosigkeit in Soziale Praxis*, xii, No. 4.

<sup>3</sup> For further details we refer to *Soziale Praxis*, the best informed organ; more particularly, xi, cols. 252, 1004, 1025 ch.; xii, cols. 67, 80, 92, 94, 163.

<sup>4</sup> It is, no doubt, an important advance on the attitude of the government. Cf. the article of Sydow s. t. *Zur Bekämpfung der Arbeitslosigkeit in Soziale Praxis*, xii, col. 94.

Congress rejects every system of an unemployed insurance on any basis but on that of the free, self-administration of the workmen, including the granting of state subsidies to central or local professional unions paying unemployed or traveling benefits." Still different views were expressed at the meeting of the Union of German Employment Bureaux (*Verband Deutscher Arbeitsnachweise*) in Berlin, though even here there was perfect unanimity on the question of principle. According to Sydow<sup>1</sup> the opinion prevailed that unemployed insurance was possible only in the form of an institution of public law; it would have to be compulsory and would have to rely upon the coöperation of workmen's associations and the communes, of the employers and the state; finally the employment bureaux would act as auxiliary and controlling organs. In conclusion, we may mention two resolutions of sick benefit clubs that characterize the attitude of these latter organizations towards the problem of the unemployed. At the ninth annual meeting of the "Zentralverband von Ortskrankenkassen im Deutschen Reiche" (October 5-8, 1902 in Hamburg) a resolution was carried by a majority, stating, among others, the following desiderata: (1) that statistical data be collected to form the basis for carrying through unemployed insurance; (2) that the sick benefit clubs can be *relieved* by an unemployed insurance only by including in the same all workmen compulsorily insured; (3) that unemployed relief should have at least the extent and duration of the sick relief given by the sick benefit clubs. The second resolution—one of the "Freie Vereinigung badischer Orts-, Betriebs-, Bau- und Innungs-Krankenkassen" we give in literal translation: "The insurance of the unemployed is unavoidably necessary. It should be carried through upon the basis of an institution of public law, with compulsion for all workmen; the expense to be carried by the state, the employees and the insured. The sick benefit clubs to attend to the working of this insurance in coöperation with the labor bureaux. Both institutions to undergo a thorough reorganization. The benefits to be of the

<sup>1</sup> Sydow, *Arbeitsnachweis und Arbeitslosen-Versicherung*, in *Soziale Praxis*, xii, column 67.

same amount and of the same duration as those of the sick benefit clubs."

We refrain from enlarging the list of resolutions from various communes, towns, associations, etc., beyond those mentioned; these will suffice to prove that on this question in particular, just as on workmen's insurance in general, the opinions agree on the principle, differing merely on the question of ways and means. But with regard to these latter we find the position of the problem—as regards unemployed insurance—entirely transformed. For while in general insurance, as was already indicated, the chief factor determining its form was the national temperament, beyond question, a varying quantity; the problem of unemployed insurance includes a whole set of different forces. In the former case we deal with obvious facts easily definable objectively: sickness, invalidity, incapacity to work, old age; but unemployment is quite inaccessible, at least in the majority of cases, to such objective specification: for apart from economic conditions we have to deal here with *purely subjective* motives of both the employer and the employee. Therefore, even while the solution of the problem is still in its trial stage, it is by no means a matter of indifference to all interested in the problem to know in whose hands will be left the practical application and the power of decision in questions coming under this chapter.

Kempel remarks, rather differently from Zacher: "It is to be feared that much receives a state socialistic form that had better be left to the individualistic principle, the principle of free self-help of the afflicted. One may, therefore, be easily led to the opinion that *some parts of workmen's insurance should have been left in the hands of the workmen themselves, as in England.* . . ." <sup>1</sup> Kempel subjects to a thorough analysis all known forms and trials of unemployed insurance and comes to the conclusion that the same represents "a problem that by its very nature and by the present earning system should be attended to by trade unions." . . .

His is by no means an isolated opinion; it harmonizes perfectly with the views constantly recurring in whatever has been written on the subject, and there is certainly more than mere

<sup>1</sup> Kempel, l. c., p. 387, and especially pp. 474 and 482-484.

coincidence in the circumstance that the most ardent advocates of unemployed insurance are all in favor of emancipating and investing with full rights all labor organizations, although they do not always openly connect these two questions.

Francke,<sup>1</sup> for instance, denounces in strong terms the inimical attitude towards these organizations of an officialism that persists in regarding them as "nothing but strike-unions," and he insists "that the organized self-help of the workmen in trade unions and societies ought to reinforce state assistance by workmen's protection and insurance," for the best guarantee of an "armed peace" will rest in the opposition of the power of the said workmen's organizations to that of analogous organizations of employers. This is, according to Brentano<sup>2</sup>—the deep student and admirer of English trade-unionism—"the only way to attune the dissonance between law and reality that disturbs the social relations of to-day, wherever the labour stipulation is a bargain; only when this is achieved shall we have attained the conditions that are to lead us up to the greatest possible expansion of individual power and well-being, up to the realization of a hope that has been the guiding principle of the "free labor agreement" ("Freier Arbeitsvertrag")."

These views come quite naturally to Brentano, who has been accused frequently, and not always unjustly, of partiality for trade unionism. The latter objection will not be raised against the standard work of W. Kulemann: "Trade Unionism. A Description of the Trade Associations of Workmen and Employers in all Countries."<sup>3</sup> In a splendidly conceived preface

<sup>1</sup> Cf. his fine essay: *Dringende Aufgaben der Sozialreform in Deutschland*, in *Soziale Praxis*, xii, cols. 898-903; also the art. of G. Sydow, s. t.: *Die gesetzliche Anerkennung der Berufsvereine* in *Soziale Praxis*, xii, col. 172.

<sup>2</sup> Cf. his article *Gewerksvereine* in Conrad's "Handwörterbuch der Staatswissenschaften," II ed., Jena, 1900, vol. iv, p. 623.

<sup>3</sup> *Die Gewerkschaftsbewegung-Darstellung der gewerkschaftlichen Organisationen der Arbeiter und Arbeitgeber aller Länder*, 1900. According to Schäffle (*Zeitsch. f. d. ges. Staatsw.*, 56, p. 373) this book fills a long and acutely felt gap in our knowledge of this movement in different countries; in fact, up to its appearance there has been no convenient source of information extant on the matter. Schäffle is high in praise of this book, not only because of the extreme abundance of material provided by it, but also because its fundamental view is the necessity of full organization of workmen and employers, if social peace is to be attained—"a proposition hardly disputable," says Schäffle.



Kulemann gives his confession of faith:<sup>1</sup> "The existence of organizations of workmen and of employers, as the two factors of labour, is an inevitable necessity, to safeguard its interests against those of capital and consumption and to arrive at an ordered state in the chaotic earnings conditions of to-day." It is certainly not purely accidental that the first page of this bulky work starts with the words: "In the domain of workmen's organizations England occupies doubtless the first place. Here its development is easiest to trace, its progress the farthest and the assumption is at hand, that those of other countries will have to find in them their prime pattern and that *they will do well to try and follow it. This does by no means preclude them from modifying this pattern according to the peculiarities of the national spirit and to their own historical development.*"<sup>2</sup>

In a word, we see that even in Germany a conviction is ripening and extending that compulsory workmen's insurance, *as such and by itself*, is quite inadequate and that it ought to be supplemented by the organization of the workman himself. The power of the government appears thus far insufficient to cope with the *regulation of wages*, that, as we know, ought to and, indeed, may include, besides the means of support, also the insurance premium for sickness, accident, invalidity, old age *and lack of employment*. The former English common law started with the assumption that these fees are *really* included in the wages. However, this assumption of an economic and ethical postulate as a reality was quite mistaken, which is demonstrated by the whole movement of English trade unions. In the settling of labor agreements they oppose to the power of the employer a power *equalling it in reality*,—that of the concerted action of organized workmen.<sup>3</sup> The single workman was too weak to issue victorious from the combat with the bitter truth that

<sup>1</sup> Kulemann, l. c., p. xiii.

<sup>2</sup> The italics are mine.

<sup>3</sup> Cf. S. & B. Webb, *History of Trade-Unionism*, and of the same author's *Industrial Democracy*; E. W. Brabrook, *Provident Societies and Industrial Welfare*, London, 1898, pp. 22-131; H. von Nostitz, *Das Aufsteigen des Arbeiterstandes in England*, Jena, 1900; Rist, *Législation anglaise sur la responsabilité en matière d'accidents*, 1899; Monnier, *La législation anglaise sur la réparation des accidents du travail*, 1899.

Proudhon has put into the words: "Security is a merchandise having its price as every other; but as its market price does not fall in proportion with the poverty of the buyer, but in proportion to the sum assured, insurance is turned into a new privilege of the rich and a merciless irony of the poor."<sup>1</sup>

The organization of the English workman gave him a comparatively safe guarantee that (1) his wages will *really* contain all the constituents mentioned above and that (2) the obtained rise will be turned to *good account*, and not go into the pockets of the publican. Therefore, although English labor associations require improving in many directions,<sup>2</sup> although it is not so long ago that they acquired equal rights with the combinations of employers and other groups of interests, they showed a most salutary influence upon the resisting powers of the working class in times of imminent economic catastrophes. To their influence Tugan-Baranowski<sup>3</sup> ascribes the favorable changes in the statistics of mortality, crime, pauperism, etc., in the latter part of the nineteenth century. For, whereas, formerly their curves were following those of every economic crisis with an exactness almost mathematical, we find that of late such a close connection cannot be observed.

If, then, English labor organizations have passed through the severest test so well, it is not surprising that those advocating the emancipation of the corresponding groupings on the Continent should turn their eyes towards England. To me it seems that it is this enormous intensification, this "maximization of results" that English organizations attain at a minimum expense of energy and means, that is the highest title for these organizations to compete with the German compulsory system. Even Zacher would have possibly arrived at conclusions different from

<sup>1</sup> Proudhon, *Contradictions économiques*, vol. ii, p. 155.

<sup>2</sup> Brabrook, l. c., pp. 36, 51, 52, 96, etc.

<sup>3</sup> M. Tugan-Baranowski, *Industrial Crises in Contemporary England, their Causes and Influence on the Life of the People*, St. Petersburg, 1894 (Russ.); afterwards in the art. *Die Sozialen Wirkungen der Handelskrisen in England* in Braun's "Archiv. f. soz. Gesetzg. u. Stat.," vol. xiii, 1899, and in the book, *Studien zur Theorie und Geschichte der Handelskrisen in England*, Jena, 1901. Cf. the art. of Soiethoff in Schmoller's "Jahrbuch," 1903, No. 2, p. 331, on the last work.

those he upholds anent the absolute superiority of compulsory over voluntary insurance, had he but taken as typical of the latter not the French, but the English organization.<sup>1</sup>

A comparison between the English and the German systems may appear, at first sight, logically hardly permissible, these two being, in a way, incommensurable quantities. On deeper investigation it must be, however, admitted that they may be reduced to a common factor, being, in fact, only two distinct forms realizing the same idea—to render Proudhon's "costly merchandise" as fully accessible to the workman as possible. While in England the combination of workmen in all their varying forms had for one of their chief aims a *direct* regulation of wages, Germany had to attempt the same by an *indirect* raising of wages and by arranging for a rational utilization of the increment. The circumstance that both in England and in Germany different side-issues and side-intentions had been and are still connected with this question does not alter the fact that *in either country the wages-question and that of insurance of workmen have coalesced inseparably.*

The whole essential difference consists in this: that whereas the standardizing of the rate of wages is in England among the functions of associations of workmen, —speaking more generally, of parties *immediately* connected with the question; in Germany it is regulated by legislative and administrative measures. Therefore, what in England has the sanction of an agreement, originates in Germany *ex lege*. Here we arrive at the heart of the question.

The most important conclusions that follow are obvious:

(1) The English organizations have all the power necessary and all the chances for keeping up the due level of wages; the safeguards against transgressions by these organizations and for a speedy and adequate settling of any dispute being given by arbitration between these organizations on one side and employers either individually, or also grouped in association, on

<sup>1</sup>It seems not unlikely that he was pressed into this by purely external circumstances, perhaps such as: that in the debates concerning the superiority of either system England has taken hardly any part (cf. the Bulletin of International Congresses).

the other. The German system presents no guarantees of a similar kind. The employer can at any time transfer the burden of his contribution—partly or completely—upon the workman; he can at any time lower the wages or even merely keep them on the same level, though the prices of food, etc., increase. The statistics of the last years may not be illustrative of such an eventuality; the latter is, nevertheless, no idle speculation.

(2) Under the English system of free associations a magnificent development of unemployed insurance was possible, that has no equal on the Continent.<sup>1</sup> while in Germany state insurance has achieved nothing whatever in this particular direction. For here we enter a domain where ends the mightiness of the state, as far as its activity in the detail of life is concerned. But, "if the state by granting freedom of coalition procures these foundations and first conditions for an activity of self-help, which sufficiently safeguards the freedom of wages-stipulations and the justice of concrete phenomena of wages, then, to all appearance, it will have fulfilled its chief duties." Thus the author of the best work that has been written on the subject of late.<sup>2</sup>

One cannot help admitting that compulsory insurance must have had an enormous educational value upon the masses of the nation, and that therefore such a demand presents nothing preposterous nor illogical. On the other hand, it is remarkably expressive of the character and tendencies of this new movement that our opinion should be called "anti-compulsory" only with the greatest reservations. This new movement is not really reactionary; direct and necessary outcome of the hour, it has to find its nomenclature in the dictionary of the present time, bringing in its own new ideas in forms affirming or negating current expressions. Withal we may safely conclude that German legislation is fated not to pursue the road it has had hitherto, but that it will have to admit of a compromise with

<sup>1</sup> For particulars cf. Kempel, l. c., and the pamphlet of Rich. Freund s. t. *Materialien zur Frage der Arbeitslosenversicherung*, Berlin, 1903 [Supplement to *Soziale Praxis*]. A full bibliography and an analysis of all that has been achieved in the domain will be found in the article and pamphlet quoted.

<sup>2</sup> Dr. Otto von Zwiedineck-Südenhorst, *Lohnpolitik und Lohntheorie mit besonderer Berücksichtigung des Minimallohnes*, Leipzig, 1900, p. 382.

some voluntary system, possibly of its own creation, most likely with the English. It will not be required to accept this slavishly and, on the contrary, the new current will finally join the whole system of insurance.

Indications are not lacking, also, that a further evolution may in time lead up to the pure type of labor association, that will be quite free from any admixture of a religious or political nature.<sup>1</sup> The beginnings of such evolution can be stated already, and all that is to be hoped is—that the government itself may change its own attitude towards the said associations.<sup>2</sup> Any speculations as to the probable organization of unemployed insurance go far beyond the reach of the present article. Nor is it very likely that this question admits of a satisfactory forecast just at present.

I have tried in the above to show how dangerous it is always to overestimate the value of native organizations and thus to be driven to a daltonism with regard to things foreign. I am far from undervaluing the German system, which, on the contrary, I consider to be a fact that no legislator can afford to overlook. For freedom is certainly life's highest gift; but whenever a community does not know how to make use of it, compulsion is certain to render good services, were it only as a pedagogic factor. Besides, *neither* of the insurance systems,

<sup>1</sup> Kulemann in the art. s. t., *Gewerkvereine* in "Handwörterbuch der Staatswissenschaften," II ed., vol. iv, p. 645. Cf. also Werner Sombart, *Die deutsche Volkswirtschaft im neunzehnten Jahrhundert*, Berlin, 1903, p. 548.

<sup>2</sup> It is very doubtful whether such hopes could be founded very securely upon some praise that Count Posadowsky and the dep. Hillbck have bestowed in Parliament on the labor associations; upon some favourable articles that have appeared in the conservative "Kreuz-Zeitung" (Jan. 9, 1902); upon some reports, couched in the same spirit of factory-inspectors (Württemberg and Saxony, 1901); especially so if the recent straightly opposed attempt of the government be considered: *the bill concerning a restriction of the right of combination has been dropped exclusively thanks to the energetic resistance offered by the Parliament*. Cf. *Soziale Praxis*, xi, cols. 487, 488, 840, 841, 1108 and xii, col. 898. It would be premature to draw any conclusions from the efforts of the communal socialists to obtain subsidies for the associations of workmen, although in Switzerland, Belgium, Holland and Denmark the corresponding agitation has made great progress and obtained good material results. In Germany, it is true, this movement has hardly passed the stage of projects; the first attempts abroad date back merely two years. Cf. *Soziale Praxis*, xi, cols. 842, 1025, and xii, cols. 820, 862 and 957.

voluntary or compulsory, *taken by itself*, is equal to satisfying the needs of the workman. To plead for any of them on the grounds, that having grown out of the conditions of a given country this or that particular system should organically or automatically satisfy all its wants, is obvious phrasemongery; was not the potato, whose economic value Germany is most fit to recognize, introduced from an entirely foreign soil upon the German, and not so very long ago?

Therefore, not to condemn their own particular systems to a premature sterility, both Germany and England should look to it, how in exchanging experiences they could lead on the social and legislative work of insurance. In England public opinion has been roused to the recognition of this question fairly effectively. Just at the present moment England's social policy is being influenced by Mr. Chamberlain's penchant towards the German system, which he has studied very thoroughly. But it admits of no doubt, that he neither would nor could slavishly adhere to his prime pattern. Henry W. Wolff states this trenchantly enough in his exposition of the English Workmen's Compensation Act, 1897:<sup>1</sup>

"Under such circumstances a development (of the workmen's insurance idea in England) may be expected that bids fair to outshine the German accident insurance. There will be in England no building up of an immense bureaucratic apparatus. There will be no introduction of coefficients of eight decimals, no professional associations with sixty clerks, no paltry red tape and pigeon-hole transacting of business, no pedantry, no collecting of minimal contributions that bring in less than is being spent on their raising. . . ."

Withal—let us accentuate this in conclusion once more—no postulate of further progress on the highway of social reform should be brought into connection with an apprehension for the competing abilities of home industry. No greater harm could be done to the best human endeavors than to connect them too closely with any particular economic tendencies, especially of a pronounced individualistic and selfish bearing,—while all the

<sup>1</sup> Henry W. Wolff, *Das Arbeiter-Unfallentschädigungsgesetz* in Braun's "Archiv für soz. Ges. und Stat.," 1897, vol. xi, p. 688.

time the deciding voice should be left to common interests and to the demands of social ethics. It is also absolutely unfair and preposterous to speak of "unremunerative outlay of capital" with regard to live labor; the expression is, of course, rightly enough applied in the grappling with the forces of physical nature, that sometimes put insuperable obstacles in the way of *intensive* exploitation. The "*extensive* exploitation" of human labor is an ethical monster and economic nonsense.

N. PINKUS.

Göttingen.

## THE PSYCHOLOGY OF GERMAN WORKMEN'S INSURANCE.

THE feeling of satisfaction with which the execution of compulsory workingmen's insurance is commonly regarded in Germany is natural, if one looks at the matter as a piece of administration. The feat of enforcing the insurance of a third of the total population of the country, of collecting premiums and paying indemnities and pensions with little friction and at small expense, is one which few nations in the world, excepting Germany, could carry out with such success. There are, however, certain indirect social and psychological phenomena connected with the matter which do not seem to be commonly understood, and which even the excellent paper of Mr. Pinkus in its most critical passages barely touches upon. In order to present a complete view of the matter it seems desirable that some of these phases should be brought out.

The general effect of the insurance laws has been to permanently turn a certain stream of income from the pockets of the taxpayers and the employers into the pockets of the wage receivers. From 1885 to 1897 the total amount received amounted to about \$727,000,000. Of this amount the employees contributed about \$327,000,000, the employers about \$326,000,000; \$24,300,000 came from general taxation, the rest from interest, etc. In the aggregate the working classes have contributed less than half of the total cost of the insurance managed for their benefit.

The insurance laws do not, therefore, provide for insurance in the strict sense of the word. As Professor Heinrich Rosin, one of the best authorities upon the legal side of the subject, well says: "We are not dealing with a single two-sided legal relation, but with two one-sided relations. Of these, one, which is the principal, provides for the working classes assistance on the part of the state; the other, which is secondary and does not necessarily stand in legal connection with the first, has to do with the raising of money by contributions levied from cer-



tain persons."<sup>1</sup> This piece of social legislation is, therefore, of great importance as giving us data bearing upon the general effect of any social legislation which aims at a redistribution of wealth. The distribution itself has apparently been practicable, and, as far as we can at present judge, it has neither prevented the rapid expansion of German industry and commerce, nor has it imposed unbearable burdens upon the employing classes, or necessitated a reduction of wages. On the whole, excepting the period since the crisis of 1901, Germany has enjoyed marked prosperity under the operation of the insurance laws.

What has been the effect of the laws, however, upon the beneficiaries of the system? How far have the intentions of the Parliament been realized? How far have incidental or antagonistic results shown themselves which were not anticipated? One of the principal motives for the law was to remove social democratic agitation and to lessen the antagonism of classes.

The message which the Emperor William I addressed to Parliament in 1881 regarding the best methods of suppressing social democratic excesses has already been quoted in the article of Dr. Pinkus. He has likewise shown that the growth of the social democratic representation in Parliament has by no means been checked by insurance legislation. But to fully appreciate the situation one should glance at the following table, which gives both the growth of Socialist representation in Parliament, and also the still more significant growth in the number of votes cast for the party.

	Voters.	Members.		Voters.	Members
1871 .....	101,927	1	1887 .....	763,128	11
1874 .....	351,670	9	1890 .....	1,427,298	35
1877 .....	493,447	12	1893 .....	1,786,738	44
1878 .....	437,158	9	1898 .....	2,105,305	56
1881 .....	311,961	12	1903 .....	3,010,472	81
1884 .....	549,990	24			

It would seem ungracious to call attention to the failure of the insurance laws as a piece of political tactics, did not the result confirm the impression, gained from other observations, that the framers of the system, while devising an extremely clever

<sup>1</sup> *Das Recht des Arbeiterversicherung*, vol. 1, p. 257.

piece of machinery for mechanically redistributing a part of the wealth of the country, failed to realize the effects of this policy on the minds of those concerned.

The growth of socialism does not of itself indicate industrial dissension, and it may be that in spite of political discontent, the relations between employers and employed have become more friendly in consequence of the sacrifices borne by the former for the latter. Indeed, this impression is conveyed officially in the very valuable work written by Dr. Ludwig Lass and Dr. Friedrich Zahn as a part of the contribution of the German government towards the Paris Exhibition of 1900. "With the improvements in the material and social position of the working men," we are told, "which have been introduced through workingmen's insurance, there is a spontaneous increase in their pleasure in work and at the same time in the quality and amount of their product. Therefore, the employers are in general quite willing to bear heavy burdens in money and voluntary service.<sup>1</sup> Many employers have voluntarily added to their burdens by introducing on a large scale all kinds of institutions for the benefit of their employees. "This social activity," we learn, "which the employers are unfolding under the standard of our new social legislation, cannot fail in the long run to produce a conciliatory reaction upon the conditions existing between employer and employed. A mutual understanding is also furthered by the common consultations and meetings in which the workingmen's insurance unites employer and employed." (p. 225.)

No one can, of course, trace conclusively a causal connection between the insurance legislation and the generosity of employers, but that their social activity is not due entirely to legislation would seem to be indicated by the fact that this activity began in many cases before the insurance laws were thought of—notably in the great works of Krupp at Essen, and by the fact that a similar display of public spirit is observed in England, in France, and in the United States. Such examples as the sociological department of the Colorado Fuel and Iron Company, as the institutions established by the National Cash Reg-

<sup>1</sup>Lass und Zahn: *Einrichtung und Wirkung der Deutschen Arbeiter-versicherung*, Berlin, 1900, p. 223.

ister Company, and many others, are familiar to students of this subject. And as for the feeling of good will which the employees exhibit, there are also reasons to doubt if it has gone as far as is supposed. It is difficult to measure the sentiments, but, when sentiments embody themselves in acts, the acts can be measured, and ill-will in industrial establishments is very apt to show itself in strikes. The strike statistics ought, therefore, to reflect sooner or later any decided change for the better in these relations. The German strike statistics are not uniform, and do not cover a very long period, but such as exist indicate that while strikes have their ups and downs, their general tendency has been upward since 1890.<sup>1</sup> Still more significant is the fact that in 1897, fourteen years after the first insurance law was passed, a special insurance company called "Industria" was formed with a capital of 5,000,000 marks, for the express purpose of indemnifying employers for losses through strikes. It would appear, therefore, that compulsory insurance has not abolished or even checked the strike fever, but that conversely the prevalence of strikes has led to the creation of a new branch of insurance.

While it was not announced as one of the objects of government insurance to diminish the amount spent on the poor, it was undoubtedly expected that its effect would be to lessen the number of paupers. Investigations made into the causes of poverty in Germany some years ago, some of which were made by Dr. Victor Boehment and others by the Imperial Statistical Bureau, concur in showing that in the aggregate some 75 per cent. of the cases of pauperism were attributed to sickness, accident, physical incapacity, old age, or death of the bread-winner.<sup>2</sup>

<sup>1</sup> A table showing the number of strikes and strikers in Prussia for every year but one from 1890 to 1901, was printed by the writer in the *Yale Alumni Weekly* for May 4, 1904.

<sup>2</sup> The exact figures showing the causes of pauperism in the whole empire are as follows:

Death or injury by accident.....	3.3
Death of bread-winner, not by accident.....	17.2
Sickness of the pauper or in his family.....	27.9
Bodily or mental weakness.....	12.4
Old age .....	14.8
	<hr/> 75.6

Now it so happens that all of these causes of pauperism are provided for in workingmen's insurance, and if the great mass of wage workers, who are the ones most liable on account of their small incomes to become dependent, are forced to insure themselves against these very contingencies, and in addition reap the benefit of the contributions of their employers, it would seem natural to expect that fewer would become dependent, and that gradually insurance would take the place of poor relief for all but very few. This expectation seems the more natural, when we consider the figures in detail. Unfortunately we have no general statistics giving the cost of poor relief since the investigation of 1885, and it is doubtful if we should place implicit reliance upon the figures gathered at that time. Yet, as we have no others, they may at least furnish us a rough means of comparison. The number of paupers enumerated in the German Empire in that year was 1,592,386, and the amount spent upon them was about 90,000,000 marks, which gave an average expenditure for every one hundred inhabitants within the limits of the law of settlement<sup>1</sup> of 195 marks. In 1897 the total amount spent on benefits of all kinds under compulsory insurance was 256,432,403 marks,<sup>2</sup> which, with the increased population, gave an expenditure for every one hundred inhabitants of about 479 marks, or about two and one-half times the average expenditure on poor relief in 1885. This did not include the expenses of administration, but only the amount directly spent on the beneficiaries. So large an expenditure of money upon the very classes who are most liable to become dependent might be reasonably expected to almost abolish pauperism, since there must be many cases in which individual members of a family

Large number of children.....	7.2	
Lack of work.....	6.0	
Drink .....	2.0	
Disinclination to work.....	1.4	
Sundries .....	7.8	24.4
	100.0	100.0

(*Statistik des Deutschen Reichs*, Neue Folge, Band 29, p. 40.)

<sup>1</sup> *Statistik des Deutschen Reichs*, Neue Folge, No. 29, p. 56.

<sup>2</sup> Lass und Zahn, p. 129.

could now be supported with the rest, when they previously were thrown upon the public. That the question has interested the authorities is seen in the fact that the *Verein für Armenpflege* has twice, in 1895 and in 1901, taken the matter up for investigation and discussion, and that the Imperial Statistical Bureau undertook in 1894 and published in 1897 an elaborate investigation into the whole subject. It obtained its material mainly in the form of answers to the following five specific questions, which it addressed to the officials in charge of poor relief throughout Germany:

- A. Has the care of the poor been relieved by workingmen's insurance
  - (a) Through sick insurance?
  - (b) Through accident insurance?
  - (c) Through old age and invalidity insurance?
- B. Has the number of those supported and the amount spent upon them since the introduction of the several insurance laws not diminished, and to what is this to be attributed?
- C. Has the care of the poor in numerous cases been made supplementary to the benefits of workingmen's insurance and provisionally substituted for them?

The answers received were not complete, and it was not possible statistically to prove either an increase or decrease in the total amount spent upon the poor throughout the empire. I have, however, tried to analyze the returns as far as possible, and compared my analysis with the generalizations published by the Bureau. As regards the first question, subdivided into three heads, which asks whether the burden of the poor has been relieved by workingmen's insurance, the official summary says that "by far the greater part" of the authorities questioned say that it has been relieved. A careful count shows that of the total number of answers 44 per cent. give a simple affirmative, while 19 per cent. more give a more or less qualified affirmative answer.<sup>1</sup> Yet, when we come to ask whether there has been a

<sup>1</sup> The method of obtaining these percentages should be explained. There were 92 officials or boards which gave answers to the questions. Inasmuch as question "A" was divided into three parts, there should have been 276

diminution either in the number of paupers or in the amount spent for them, it appears that 58 per cent. state that there has been no such diminution. In other words, it would appear that in a good many cases those who say that the burden of poor relief has been lessened, mean, not that it is absolutely less than it formerly was, but that it would have been increased much more, if it had not been for workingmen's insurance. When we consider that the period under consideration has been a period of industrial prosperity, commercial expansion, external peace and rising wages, we should naturally expect that the burden of poor relief would tend downwards, as it has been tending in England, and as out-door relief has been tending in many of our American cities under good administration. If there are no general economic reasons for an increase in the needs of the poorer classes in Germany, it would seem as if there must be a social or psychological reason, and there are certainly strong indications of this. While some officials speak of depression in particular trades, the migration of workers to the cities, etc., as causes of the increased expenditure, others speak of the tendency of the poor to demand more. A report from Gotha<sup>1</sup> says that the poor have become accustomed to demand help from the public. It is elsewhere stated that "the shrinking from the eleemosynary character of poor relief is disappearing among the needy, those who are not insured demand public support more frequently than formerly, and even occasionally refuse private aid. Then again those who are not insured, seeing the amounts which are paid to those who are insured, demand a more ample allowance from the poor law authorities, and not

answers, but in many cases no answers at all were given—in others only one or two of the sub-questions were answered, and in still others some were answered affirmatively, others negatively, by the same writer. The percentages given represent fractions of 276. If we count the number of cases in which any one of the sub-questions, a, b, and c, is answered affirmatively, even though others may be answered negatively, we reach the result that about 60 per cent. of those questioned state that there has been some favorable influence upon poor relief, while about 9 per cent. more give qualified answers which are on the whole favorable. A number of answers are, however, so extremely guarded as to make their classification doubtful.

<sup>1</sup> *Vierteljahrshefte zur Statistik des Deutschen Reichs*, p. ii, 45.

infrequently get it.”<sup>1</sup> It also happens here and there that when people have been refused an allowance under the insurance law for lack of proof, they go to the poor law authorities and demand a larger sum on account of their presumptive insurance claim.

In a report made to the *Verein für Armenpflege und Wohlthätigkeit* by Wilhelm Helling in 1901 we learn some facts which seem to indicate that insurance is not having the educational effect upon thrift that was expected. “It is unfortunate,” he says, “to be obliged to say that persons who have established a contingent claim upon the benefits of insurance by contributions find it so difficult to make up their minds to maintain this claim by the payment of small voluntary sums, and also that hardly any use has been made of the right of optional insurance.

. . . It is positively terrible to notice the number of women, who, when they marry, give up the rights which they have earned in order to obtain possession of a comparatively small sum of ready money, by having half of the sums already paid refunded to them.”<sup>2</sup> Even where the burden of poor relief has been diminished it has not always fallen to an extent equal to the cost of insurance to the employers alone. Thus, in the city of Königsberg, in spite of an increase of 20,000 in the population during four years, the expenditure on poor relief has actually diminished, but, while they do not claim to have made a saving on this score of more than 130,000 marks, employers paid in 1896–1897 about 380,000 marks, or nearly three times this amount, as their share of the burdens of insurance.<sup>3</sup>

<sup>1</sup> *Ibid.*, p. ii, 9.

<sup>2</sup> *Schriften des deutschen Vereins für Armenpflege und Wohlthätigkeit*, Heft 35, p. 74.

<sup>3</sup> *Lass und Zahn*, p. 231.

The figures quoted by Dr. Pinkus in his article in the February number of the *YALE REVIEW* to show a decreasing expenditure on the poor in the city of Berlin do not seem to agree with the figures published in the report of the Imperial Statistical Bureau. The number of paupers for every 100 inhabitants is given officially as follows:

1884 .....	15.80	1889 .....	22.39
1885 .....	16.19	1890 .....	26.31
1886 .....	16.21	1891 .....	30.03
1887 .....	19.14	1892 .....	29.81
1888 .....	23.88	1893 .....	35.04

The special investigation made by the *Verein für Armenpflege*, and reported upon by Dr. Richard Freund in 1895, reaches conclusions similar to those of the official investigation. That is, while claiming that the agencies for the care of the poor have been greatly relieved by the operation of the insurance laws, he acknowledges that the financial burden has been considerably increased. Indeed, Dr. Freund seems to consider this in itself a sign of progress which is due directly to the influence of the social laws. "It is no mistake," he says, "to assume that precisely the increased measure of care which has been given to the working classes by the workingmen's insurance legislation has not been without influence upon the standard of living of the mass of the population, and that this influence is making itself felt in poor relief."<sup>1</sup>

The fact that the number of accidents indemnified has increased in proportion to the number of persons insured was brought out by Dr. Pinkus in the article published in the February number of the YALE REVIEW, and is familiar to all students of the subject, but it does not seem as if these figures had been considered sufficiently with reference to other figures taken from the insurance statistics, and especially with reference to the light they throw upon the mind of the insured. Not only have the minor accidents increased very rapidly, but the cost of sickness has increased, whether we measure it by the cost per member, or per case of sickness, or per day of sickness.<sup>1</sup> Not only has the cost of sickness increased, but also the duration of sickness per one hundred members insured and per case of sickness, and this, in

The expenditure for every 100 inhabitants is given as follows:

	Marks.		Marks.
1884 .....	554.34	1889 .....	548.94
1885 .....	542.96	1890 .....	591.74
1886 .....	546.71	1891 .....	617.33
1887 .....	538.58	1892 .....	650.60
1888 .....	540.05	1893 .....	662.57

(*Vierteljahrshefte zur Statistik des Deutschen Reichs*, Heft 2, 197, p. 22-23.)

<sup>1</sup> *Schriften des deutschen Vereins für Armenpflege und Wohlthätigkeit*, Heft 21, p. 100.



spite of the improvements in methods of treatment, and the diminution of the death-rate.<sup>1</sup>

It seems difficult to avoid the conclusion that there are either more cases of simulation or a greater tendency to exaggerate the gravity of sickness on account of the ease with which care in sickness can be obtained. It is perhaps not quite so easy to explain the increase of accidents. The matter is considered sufficiently serious, however, to demand extended consideration in the government report made by Lass und Zahn, who dispose of the matter as follows: "From what has been said there is no ground for the claim that obligatory accident insurance itself leads to an increase of accidents, in that it makes the workingmen careless and employers indifferent. That any one should now, having regard to the existing insurance, expose himself more frivolously to an accident; that he should allow a finger to be cut off or allow his leg to be crushed is in contradiction, as Boediker well remarks, to the instinct of self-preservation. The fear of pain, the uncertainty of the result, which may be deadly, operate upon the mind more than the prospect of getting an allowance which at the most may be equal to two-thirds of the forfeited earnings. Accidents which are brought about intentionally are in any case not indemnified."<sup>2</sup>

This *a priori* reasoning is a plausible answer to the claim that men deliberately injure themselves to get an indemnity, but cases are not unknown in which people have acted in what seems to be an irrational manner, and it still remains necessary to explain why minor accidents should have increased in spite of the very great efforts made by employers to introduce safety appliances and prevent injuries. A number of reasons are, therefore, given for this increase:

<sup>1</sup> For details see table published in *Yale Alumni Weekly* for May 4, 1904.

As this article was going to press, the first section of an official publication prepared by the German government for the St. Louis Exposition was received, but it did not contain the statistical part. In the expectation that late statistics will soon be available, it was thought best not to publish in full statistical tables only coming down to 1899, but to print in a future number of the *YALE REVIEW* the statistics prepared for the St. Louis Exposition.

<sup>2</sup> Lass und Zahn, p. 167.

(1) It is said that they are more strictly reported, which is probably the case. But this could hardly explain the progression beyond the first few years.

(2) The increase in the use of machinery and the concentration of workingmen in large establishments is given as a reason, but this argument seems to be weakened by the fact that the increase in the frequency of accidents is more noticeable in agriculture, where the Germans use little machinery, than in industry, for where the industrial accidents reported increased less than three-fold, accidents in agriculture increased about twenty-fold in a shorter time. Moreover, it is remarkable that, if the different occupations are ranked according to the frequency of accidents, those which involve the use of comparatively little machinery are near the head, while those involving much machinery are at the foot, as shown by the following table:

INDUSTRIES RANKED ACCORDING TO FREQUENCY OF ACCIDENTS.<sup>1</sup>

ACCIDENTS INDEMNIFIED.		
Per 1,000 full-time workmen.		
1897		
1. Vehicle driving .....	16.97	
2. Grist mills .....	13.51	
3. Packing and despatch .....	12.36	
4. Mines .....	12.09	
5. Quarries .....	11.94	
6. Excavating .....	11.85	
7. Wood .....	11.77	
8. Interior navigation .....	11.35	
9. Breweries .....	11.31	
10. Building .....	11.04	
11. Paper .....	9.27	
12. Ocean navigation .....	8.95	
13. Iron and steel .....	8.92	
14. Sugar .....	7.89	
15. Chemicals .....	7.76	
16. Distilleries .....	7.67	
17. Provisions .....	7.03	
18. Food .....	6.79	
19. Brick .....	6.71	
20. Chimney sweeping .....	6.14	
21. Railroads .....	5.86	
22. Fine mechanics .....	5.38	

<sup>1</sup> Report of New York Bureau of Labor, 1899, p. 769.

23. Leather .....	5.23
24. Gas and water.....	5.14
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26. Metals .....	4.21
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31. Printing .....	2.66
32. Pottery .....	2.33
33. Clothing .....	2.18
34. Silk .....	1.26
35. Tobacco .....	0.42

Professor Bantlin of the department of mechanical engineering in the School of Technology at Stuttgart, in an address on German industry and workmen's insurance, delivered before the school in 1901, subscribed apparently without question to the official view that the increase of less serious accidents cannot be due to the carelessness of the workmen, because such a view would be contrary "to the desire for self-preservation, which is deeply rooted in every human being." The same author, however, mentions particularly the comparatively small frequency of accidents in iron and steel, as well as in wood industries, because the managers of those industries have known how to guard against the danger coming from machinery. He shows that accidents coming from the explosion of boilers are particularly infrequent on account of the care which is taken.<sup>1</sup> He also quotes the president of an insurance society in the lumber trade as saying: "In point of fact in consequence of our general intensive efforts the seriousness of accidents in connection with machinery has diminished very much. Certain characteristic kinds of severe injuries which were formerly very frequent hardly occur at all now."<sup>2</sup>

These statements seem to cast a good deal of doubt upon the claim that the increase of accidents is due to the increased use of machinery.

(3) It is claimed that the great activity of trade has required the appointment of less experienced men. It is impossible to

<sup>1</sup> A. Bantlin: *Die Deutsche Industrie und die Arbeiterversicherung*, Festrede, 1901, p. 21.

<sup>2</sup> *Ibid.*, p. 30.

control this statement by statistics, but some light is thrown upon it by the figures which show that accidents are much less frequent in proportion among the younger men than among the middle aged and elderly.

It appeared, for instance, in 1897 that the number of the injured, in proportion to one hundred insured in each class, varied as follows:

<sup>1</sup> Under 16	.....	0.24	20-30	0.54	50-60	1.38
16-18	.....	0.32	30-40	0.92	60-70	1.42
18-20	.....	0.36	40-50	1.23	70 and over	0.85

It is not shown that the inexperienced laborers are necessarily the young, but this is not an unfair assumption.

(4) The increased familiarity of the men with the law is given as not the least of the causes, and there seems every reason to consider this true. In other words, the causes of the accidents are not mainly material or mechanical, but to a certain extent psychological.

The psychological element in accidents also shows itself in the distribution of accidents according to the day of the week. We find quite universally that Monday furnishes the largest number of accidents and Saturday the next largest, and this law applies both to industry and to agriculture.

#### FREQUENCY OF ACCIDENTS.\*

	In Industry. 1897	In Agriculture. 1891
Sunday .....	0.16	0.27
Monday .....	1.22	1.17
Tuesday .....	1.17	1.14
Wednesday .....	1.10	1.10
Thursday .....	1.10	1.07
Friday.....	1.06	1.08
Saturday .....	1.19	1.17

(The numbers are coefficients indicating the frequency of accidents on a given day of the week as compared with the average for all days.)

An interesting table bearing upon the same subject is one which shows an increasing percentage of accidents due to the fault of the industrial worker:

<sup>1</sup> Lass und Zahn, p. 172.

<sup>2</sup> Lass und Zahn, p. 171.

CAUSE OF ACCIDENTS.<sup>1</sup>

	1887	1897
Fault of employer .....	20.47	17.30
" worker .....	26.56	29.74
" both together .....	4.61	4.83
" fellow workers, or third persons .....	3.40	5.31
Other causes, such as danger of occupation.....	44.96	42.82

One is tempted to contrast the German experience with the results of the operations of a mutual fire insurance company in which in contrast with the German system the beneficiaries also bear the losses, and therefore have a direct motive for minimizing them. The Manufacturers' Mutual Fire Insurance Company was organized in 1850. It is under the management of Edward Atkinson, who is president and treasurer. The statistics, running over half a century, are very instructive regarding the effects of this system, especially so if we take the figures averaged by decades. The single years show considerable variations, as might be expected. The report issued for the year ending December 31, 1899, gives the rate of loss to the amount written per hundred dollars as follows:

First decade .....	1850-1859	0.3631
Second " .....	1860-1869	0.2427
Third " .....	1870-1879	0.2098
Fourth " .....	1880-1889	0.1963
Fifth " .....	1890-1899	0.1080

It is difficult to escape the impression that the number of minor accidents has increased under the operation of the insurance laws. Whether workmen have become more careless, or whether they have become more ready to exaggerate their injuries, the effect of giving them under the forms of insurance an indemnity of which they do not bear the burden seems to have stimulated an irresponsibility, which all the efforts of the employers to diminish accidents have not yet overcome.

Reference is made in the article of Dr. Pinkus to the increasing consumption of alcoholic drinks in Germany, but this phenomena is not brought into direct causal relation to other phenomena connected with workingmen's insurance, nor is it compared with similar statistics from England. The following

<sup>1</sup> (Lass und Zahn, p. 172.)

tables show the per capita consumption of beer in Germany, and of sundry articles in the United Kingdom:

CONSUMPTION OF BEER IN GERMANY.<sup>1</sup>

		Increase or decrease.
1880 .....	84.6 litres	
1885 .....	88.8 "	4.2 litre
1890 .....	105.8 "	17.0 "
1895 .....	115.7 "	9.9 "
1900 .....	125.0 "	9.3 "
1901 .....	124.0 "	-1.0 "

UNITED KINGDOM.<sup>2</sup>

	1881	1886	1891	1896
Sugar, lbs. ....	67.35	66.69	80.27	85.29
Tea, lbs. ....	4.58	4.92	5.36	5.77
Tobacco, lbs. ....	1.42	1.44	1.61	1.73
Spirits, gals. ....	1.06	.94	1.04	1.02
Beer, gals. ....	27.79	26.90	30.16	30.89

It is significant that the increase in the consumption of beer per capita in Germany has been much greater in every period of five years since the beginning of insurance than in the five years preceding. The slight falling off in the year 1901 may possibly be due to the commercial depression. Let us now compare these figures with those showing the consumption of leading articles in the United Kingdom, taking the years 1881 to 1896, instead of 1880 to 1895, because the consumption of beer is not given in our tables for 1880. It appears that in Great Britain the consumption of spirits on the whole fell off; that the consumption of beer increased by only about 11 per cent.; that the most notable increase was in the consumption of tea and sugar, while the consumption of beer in Germany increased in fifteen years by about 36 per cent., and continued to increase afterwards. It does not seem irrational to trace a connection between insurance, the drink habit and accidents in the following way: The large sums spent on the working classes in the form of indemnities must ease considerably the burden coming

<sup>1</sup> The figures for the years 1880 to 1895 are taken from Lass und Zahn, p. 209, for 1900 and 1901 from *Statistisches Jahrbuch des Deutschen Reichs*, 1903, p. 192.

<sup>2</sup> From an article by Geo. H. Wood in *Journal of the Royal Statistical Society*, 1899, p. 650.

from sickness, accident and invalidity. These classes are obviously becoming accustomed to having the government provide for them in these contingencies. That means that they spend on comforts and luxuries money which otherwise they would save, or use in emergencies, and apparently a good deal of this expenditure goes for drink, which in turn causes accidents, especially on blue Monday. There is nothing more incredible in this than in the observation made by any traveler from the United States or England that foot-passengers in Germany take risks in crossing the streets which they do not in this country. It might seem contrary to the instinct of self-preservation that a German in crossing the streets should not turn to see whether a horse is about to run him down, and yet it is an undoubted fact that drivers are constantly obliged to shout to foot-passengers in order to get them out of the way, while in England and the United States this occurs but rarely. The habit of expecting the government to look out for us naturally stimulates a general disinclination to look out for ourselves, and, wonderful as are the achievements of German insurance, the conclusion seems inevitable that it has thus far not only not stimulated the forethought and responsibility of the mass of the people, but has rather weakened them.

The general conclusion of this study may be summarized as follows: Compulsory insurance has not filled the working classes with gratitude towards the government, since it was avowedly a measure aimed at the social democratic party, and therefore regarded by them with suspicion; nor has it made the working men friendly and conciliatory towards the employers, since the burden of insurance is one borne involuntarily by the latter. On the other hand, the effect of giving them allowances and help in time of trouble has apparently been to weaken the spirit of self-help, increase the demands upon the public purse, and to make them less wise and responsible in their expenditure.

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## BOOK REVIEWS.

*Cartells et Trusts.* Par Et. Martin Saint-Leon. Paris, 1903—pp. viii, 248.

*Trustgesetzgebung und Rechtsprechung in den Vereinigten Staaten von Amerika.* Von Dr. Victor Graetz. Vienna, 1903—pp. 34.

The tendencies to industrial consolidation seem to be arousing as much interest in Europe as here and the foreign student turns first to the experience of the United States in his efforts to understand the problem. A growing supply of foreign literature on American trusts is the result. Some of these works are based on personal study of particular combinations in their own home, while others aim to present summaries of the many investigations to the general public. M. Saint-Leon's book is of the latter class and consequently, though faithfully and efficiently carried out, his study is not of special value to American readers. The author has been through the literature on the subject and his bibliographical notes will prove convenient for reference. It is not to be supposed that, writing from such a distance, the author can add any new knowledge regarding conditions on this side the ocean, but his work may be recommended to his own public as a fair-minded summary. On the whole, it is free from important errors, though some of his facts, taken from reports three or four years old, are already out of date, and the recent revelations concerning the weakness of some of the trusts and the character of their managers might alter some of his opinions and the importance attached to the utterances of certain "financiers."

The author gives a similar but briefer account of the combinations in Germany, Austria, France and England, but adds nothing to the more extensive knowledge that we already have in Prof. Jenks' report to the Industrial Commission. He looks upon the German Kartell as a desirable movement of a defensive nature against cut-throat competition and on the American trust as an organization for offensive and aggressive conquest of the market. The causes of the contrast between the two would have been made plainer if the author had considered the important difference in the law of the two countries. The Kartell in Germany is strong and enduring because such contracts are enforceable in the courts. In this country the pool gave way to the trust, and the trust proper to the consolidation because contracts in restraint of trade are unlawful.



The pamphlet by Dr. Graetz on Trust Legislation is a reprint of a report to the Committee on Kartells instituted by the Industrial Council of the Ministry of Commerce. It shows the careful study of American conditions made by the author in a recent visit to this country and an unusual grasp of the intricate economic, political and social factors which determine trust legislation and its enforcement. His treatment would have been improved by a more careful separation of Federal and State legislation, since to the foreign reader the limitation of Federal jurisdiction is not usually intelligible. Furthermore the real state of the law can only be understood from a study of judicial interpretation of the statutes. For instance, the author cites the many exemptions of farmers' associations from the application of anti-trust laws without adding that such exemptions have been several times declared unconstitutional. The report of Dr. Graetz is not intended for the American reader, but for the enlightenment of the foreign investigator, and on the whole is a safe guide. One serious error, however, should be noted. In discussing the difficulties of State control because of the great variety of State statutes, he interprets Art. IV, Sec. 2 of the United States Constitution to mean that rights acquired in one State must be recognized in all other States. This, of course, would not be true of an individual, still less of a corporation. There is no such "Freizügigkeit des Rechtes" as he imagines.

H. C. E.

*The Nature of Man.* Studies in Optimistic Philosophy. By Elie Metchnikoff. English translation edited by P. Chalmers Mitchell. New York and London: G. P. Putnam, 1903—pp. xvii + 309.

Viewed from whatever standpoint, this is a remarkable work. The high standing of the author and his honorable position in the Pasteur Institute bespeak a hearing for anything he cares to say; and what he says is expressed clearly and interestingly, and is evidently translated with skill. Most remarkable, however, from such a source, is the fact that this volume announces a crusade against no human enemies less than old age and death. It proposes a "gerontology" and a "thanatology"—sciences whose practical application will be to lengthen life to what the author conceives to be a "fullness of years."

Upon the biology (or bacteriology) of this book a layman may not venture to pronounce. The author's idea is briefly the follow-

ing: Senile sclerosis is brought on by the action of the normally beneficent phagocytes (a discovery of Metchnikoff's) of the body, which, owing to certain conditions, begin to prey upon the specific cells of the various organs, replacing them with connective tissue. Such a death as we consider due to the "breaking-up" of old age is therefore a violent, not a natural death, and can be prevented when it becomes possible artificially to strengthen the cells, or to restrain the macrophags in their deadly work. If this could be done, the life of man would be increased to the neighborhood of one hundred years or over, when natural death, called for like sleep by an instinct of the body, would supervene.

No doubt such a consummation would offer problems enough to the anthropologist or sociologist; in the present volume, however, his attention is claimed by the preceding argument of the book, which leads up to the climax indicated. Part I. deals with the disharmonies in the nature of man and is introduced by a discussion of those to be found among inferior beings. Darwinian ground is retraversed here, and although the efficacy of natural selection is in no way questioned, the fact is insisted upon that numberless disharmonies are still in the process of being removed by that agency. A chapter follows on the simian origin of man, which carries Huxley's argument forward and strengthens it by utilizing the results of the most modern investigations. The newest element here is the exhibition of the blood relationship of man and anthropoids as shown by serum and precipitates. A catalogue of disharmonies now follows, of intense interest, in the organization of the human digestive and reproductive systems, in family and social instincts, and in that of self-preservation. It is in the treatment of the last-named that the author, relying on too few though striking instances, appears to have exaggerated somewhat man's fear of death. Perhaps Tolstoi and Zola and many others have expressed such fear; death-bed scenes are often fearful and excruciating; but while we can cite so many cases that illustrate what appears to be the opposite attitude, we hesitate to lend much countenance to this part of the argument. Among others, what of Darwin himself, who said, as he perceived the approach of death, "I am not the least afraid to die"?

Now Part II. rests directly upon this general assumption of the universal fear of death. Granting it provisionally, we have an excellent and striking treatment of "attempts to diminish the ills arising from the disharmonies of the human constitution." These

attempts constitute the various religious and philosophical systems. The general argument here need not be vitiated by the death-assumption, really, for religion and philosophy are certainly evolved with the instinctive idea of somehow escaping or becoming superior to the sum of the ills of mortal life, death included. It is shown that what religion has to offer is based upon no rational foundation, but upon irrational faith; and that philosophy, never as certain of its results as dogmatic religion, and always harboring a hidden doubt in its most comforting speculations, can counsel only resignation.

What then is left? Only exact science with its plodding, careful method. It is slow and men are impatient; from Rousseau to Brunetière they reproach science with the incompleteness of its solutions. This is unjust, for no science presumes to solve the questions of birth and death, and besides, science has scarcely begun. If religion and metaphysics, in thousands of years, have failed to satisfy the candid mind, they have no right to reproach such a youthful competitor if, with an acknowledgedly slow method, and in a few years, it has no solution to show of problems which it does not pretend to regard as within its field. But science has done something to make life more endurable; a brief, but convincing résumé shows what it can do against disease. Now, the author thinks, it may sometime hope to alleviate this to him terrible fear of death by putting dissolution off until its due and proper time.

The argument of the book and the new information it gives along the line of somatic anthropology render it very welcome. But, although suggestive, its treatment, in so far as it is sociological, seems often ill-balanced, mistaken or purely fanciful. The fear of death does not play so large a part in the origin of animism and religion as one is given to understand; future life is constantly confounded with immortality (pp. 142, 144, 145); savages do not mutilate the body because they dislike or are dissatisfied with it as a body, but because it is too nearly like others' bodies to have any individuality (see p. 15); the old are not always killed simply because they are useless, even in the localities named (p. 129); early man's social instincts are much weaker than indicated (p. 106). Several curious expressions, which will probably hurt the book among the aesthetically inclined, occur. Man, we are told, is "a simian monster," the "ingenious child of anthropoids."

We learn with astonishment that the large intestine is a constant menace to health and life and that we should be better off without it,—or even the stomach. It is hard to believe that such weight

would have been lent to the Bible tales of long life, had they not fallen in with a theory, and the assumption of an "instinct of death" from such exiguous evidence arouses suspicion. This is not Darwinian, in any case.

It is not clear, however, that any fault that can be found really menaces the validity of this volume's general argument. We may take the hoped-for cure of old age and death with reservation, but we cannot deny most of the disharmonies revealed, nor the characterization of man's attempt to explain, avoid or neutralize them.

There are several serious faults in the otherwise excellent book-making: the type is large and clear, making reading easy, but the making of the plates, and the proof-reading have been careless, as is witnessed by the omission or breaking of letters (especially at the inner ends of the lines (pp. 37, 55, 94, 95, 113, 158, 166, 185, 243, 245, etc.), and occasional transposition of letters (*e. g.*, p. 229). Apparently *impossible* (252) should read *possible*. The index is satisfactory.

Professor Metchnikoff announces in his preface that the solution of the problems stated in this book will be the program and endeavor of his future years of work. It is to be hoped that the value of this labor and its results, and of the book before us, will not suffer from the extravagant nature of certain notices which have already appeared.

A. G. K.

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# **THE YALE REVIEW**

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COMMENT.

*The Trolleys and the Trunk Lines; The Statistics of Special  
Classes and the Census Office.*

THE article on the interurban electric road published in this number suggests an important problem in railroading, to which apparently little attention has thus far been given. We refer to the problem of simplifying transfers between the great railroads which carry on the traffic between cities and the lighter lines which carry on the street traffic. These two systems are often designated as steam roads and electric roads, but to make the distinction between the two depend upon the motive power obscures the real point of difference. It is quite conceivable that all of the great railroads might be run by electricity, as are most of the street lines at the present time, and yet the two would still be differentiated in that the steam roads carry on their business on such a large scale and for such long distances that they must have their own exclusive road-bed and elaborate terminal facilities, while the street lines cater to a traffic so light that the public streets and highways can be used for the purpose.

The street lines have in the past been such natural feeders to the railroads that little need has been felt of stimulating this function. The consequence is that, while the great railroads have been wonderfully enterprising in reducing the discomforts and irritations of long-distance travel to a minimum, and have taken infinite pains to save long-distance passengers the inconveniences

of changing cars, going so far in many cases as to carry whole trains across rivers or bays on ferry boats, they have neglected that link in the journey which connects the long-distance railroad with the local street lines. Thus the passenger, who is not required to leave his car even for his meals, on journeys of a thousand miles and over, is obliged, when he arrives at his journey's end, to run the gauntlet of the cab drivers and wait on the street corner, often some distance from the railroad station, before he can get into his trolley car and reach his destination. Practical railroad men, who have solved problems of so much greater moment, can be safely left to work out the details of a problem of this kind, and but two features of it will be emphasized here,—the physical and the commercial.

Much would be gained, if the railroad stations could be so constructed with reference to the street car lines that the latter could run under a roof near one of the railroad platforms. In most cities of moderate size this could be accomplished at comparatively small expense. That so little has been done to facilitate this transfer is all the more remarkable when we consider that some of the great railroad systems of the country have actually established cab lines of their own, and have given those passengers who can afford to drive all the advantages of shelter and comfort possible, though leaving the great mass of those who patronize the trolley cars to shift for themselves.

Much could be done on the commercial side by some simplification of the system of tickets. The railroad mileage books, which are used by a very large number of local passengers in some parts of the country, might be made receivable on specified terms for street car fares, or street car conductors might sell coupons available both for trolley and steam transportation. Or some other device might be invented by which the traveller could transfer himself from the trolley car to the main line without being obliged to go to the ticket office and buy a new ticket. The lack of attention to these conveniences explains in part the serious competition of the interurban electric lines with the steam railroads. If interurban electric traffic continues to develop on a large scale, railroad stations and other terminal facilities will inevitably have to be provided by the street lines, and they will,

therefore, be in very much the same position as the steam lines, excepting in their ability to use the highways and in the facility with which they transfer their passengers from the local system to the interurban system. If the evolution of railroading in the past furnishes any indication of the future, the steam railroads must meet this competition not only by adjusting their rates, but also by catering to the convenience of passengers. The difference of ownership has doubtless in the past put obstacles in the way of an amicable arrangement between the two systems, but this should not present any greater difficulties than those which arise in connection with through travel over independent steam railroads. The acquisition of trolley properties by the New York, New Haven and Hartford Railroad removes in certain important cases this difficulty, and will make it possible for the railroads to see, whether they can stimulate travel by increasing the facilities referred to above, as the trolley lines have undoubtedly stimulated travel by offering similar conveniences to the public.

The creation of a permanent census bureau has earned for Congress the gratitude of statisticians and economists. Merely as a matter of administration, it is obviously an advantage to have an office which is constantly in commission, rather than one which has to be organized *de novo* every ten years. But the act is by no means free from blemishes, and one section in particular is so limited that its advantages are almost lost.

Among the numerous subjects regarding which the Director of the Census is authorized decennially to collect statistics, under the Act of March 6, 1902, we find enumerated the "insane, feeble-minded, deaf, dumb, and blind"; also "crime, pauperism, and benevolence, including prisoners, paupers, juvenile delinquents, and inmates of benevolent and reformatory institutions." Unfortunately the act contains a proviso at the end to the effect "that the statistics of special classes, and of crime, pauperism, and benevolence specified in this section, shall be restricted to institutions containing such classes." This limitation will render the returns of little value, if it does not make them positively

misleading. For instance, a reform in the administration of the poor laws of our northern States and cities is very apt to show itself in a cutting down of out-door relief, which is sometimes followed by a larger population receiving in-door relief. The inmates of almshouses might show an increase which would naturally be interpreted to signify more pauperism, when in point of fact this might be the result of a change in the form of relief due to a diminution of pauperism as a whole. There are known to be some 150,000 feeble-minded persons in the United States, and yet the census will apply only to the 15,000 found in institutions. Hardly anything can be said about dependent children, since most of them are cared for outside of institutions.

The limitation of the enumeration to the decennial years, though perhaps not so serious as that just considered, is yet calculated to greatly diminish the value of this part of our census work. If pauper statistics are to serve the purpose of throwing light either on the general condition of the country or on the administration of the laws, they should be gathered more frequently, certainly at intervals of not more than two years. The great expense involved in all general statistical inquiries may have influenced Congress to practice this economy on the principle that half a loaf is better than no bread. This may be the case in housekeeping, but it does not always hold in statistics. A half truth is not better than no truth at all, it is generally worse. And if the government cannot afford the money necessary to carry out a fairly complete enumeration of dependent and defective classes annually or biennially, it would seem better to give up the plan of an original investigation altogether, and to confine the work of the census bureau to the compilation of such statistics as may be obtained through the boards of charities or the bureaus of statistics of those States which can supply trustworthy figures. But such a makeshift would not be worthy of a great country, which in many fields of statistics has a proud record.

## SOME OF THE EVENTS LEADING UP TO THE WAR IN THE EAST.

### I.

THE conflict between Russia and Japan was already foreshadowed in 1858-60. At that time the former Power, taking advantage of China's defeat at the hands of the allied forces of England and France, succeeded by a skillful diplomacy in creating, together with China, a common proprietary right<sup>1</sup> leading to subsequent annexation<sup>2</sup> over the large territory now forming a part of Primorsk. The Eastern naval headquarters of Russia, which had been transferred from Peteropavlofsk in Kamchatka to Nicolaiefsk at the mouth of the Amur, were now moved further south to Vladivostok, founded in 1860, at the southern end of the new territory. No sooner did the remote but certain pressure from the expanding northern Power begin to be instinctively felt in Japan, than in 1861 a Russian man-of-war took possession of the Japanese islands of Tsushima in the Korean Straits, from which it withdrew only at the instance of the British Minister, Sir Rutherford Alcock.<sup>3</sup> At the same time, the Russians began to manifest activity in the island of Sakhalien, to which Japan had held a vague claim, but which had since 1858 become neutral between the two Powers. In 1875 the island was surrendered to Russia, Japan receiving in return the chain of the sterile Chishima islands (the Kuriles).<sup>4</sup> This brought the presence of Russia still nearer home to Japan than before. On the other hand, Russia seemed to have only begun her ambitious career in Eastern Asia, for she could hardly be expected to be forever satisfied with her naval headquarters at

<sup>1</sup> Treaty of Aigun, May 16, 1858. W. F. Mayers, *Treaties between the Empire of China and Foreign Powers*, 3d edition, Shanghai, 1901, p. 100.

<sup>2</sup> Treaty of Peking, Dec. 20, 1860. *Ibid.*, p. 105.

<sup>3</sup> See this REVIEW for May, 1904, p. 44, note 2.

<sup>4</sup> See a Russian view of these affairs, in the *Dōbun-kwai*, No. 50 (Jan., 1904), pp. 25-30. See also Z. Nakamura, *Chishima Karafuto Shinryaku-shi* (history of Russian aggression in the Kuriles and Sakhalien), Tokio, 1904.

Vladivostok, which, situated as it was at the southern extremity of her Oriental dominion, was so completely ice-bound during a large part of each year that the Russian fleet was obliged to winter in Japanese harbors.

Things remained in this state for nearly thirty years; but when, in 1891 Russia finally resolved to build the Trans-Siberian Railway, the inadequacy of Vladivostok, not only as an Eastern naval harbor, but also as the terminus of the great railroad, became evident. To Russia a southern expansion toward an ice-free outlet on the Pacific coast seemed a necessity. For the realization of this desire, an opportunity presented itself in a striking form in 1895. A war had been in progress between China and Japan, and the latter, after a successful campaign lasting for more than seven months, began at last on March 20, 1895, to negotiate for peace with Chinese Plenipotentiaries. Japan's final terms were proposed on April 1, and with some amendments became the basis of the treaty signed at Shimonoseki<sup>1</sup> on April 17. The treaty provided, among other things, for the recognition of the absolute independence of Korea, the cession to Japan of the Liao-tung peninsula, Formosa and the Pescadores, and an indemnity of two hundred million taels. The progress of the negotiations had been watched with keen interest by the European Powers, particularly by Russia; for the latter, as soon as China communicated to her the proposed terms of Japan and applied to her to interfere,<sup>2</sup> discerned in the situation a great turning point of her own career in the East. She must at once have realized the grave danger to the entire future of her Eastern policy of Japan's occupation of the Liao-tung peninsula, as well as the immense advantages which her own possession of the same territory would confer upon herself. It was just the time to

<sup>1</sup> For the text of this treaty, see the *Treaties and Conventions between the Empire of Japan and Other Powers*, compiled by the Foreign Office, Tokio, 1899, pp. 377 ff.; Mayers, pp. 181-184; U. S. 54th Congress, 1st Session, *House Documents*, Vol. I., pp. 200-203; etc.

<sup>2</sup> See the leading articles of the *Tokio Nichi-nichi Shimbun* (Tokio daily news), a semi-official organ of the Japanese Government at the time, as quoted in the *Nisshin Sen Shi* (history of the Japan-China War), Tokio, 1894-5, vol. 8, pp. 141-171. These articles give a minute and careful account of the diplomacy of the day, and may be largely relied upon as an authentic statement of the situation.



intervene. China had shown herself impotent and had appealed for an intervention, and Japan was an exhausted victor. By one stroke Russia might coerce the latter and ingratiate herself with the former. Perhaps, however, she would have thought twice before she moved, had it not been for the active assistance rendered to her by France and Germany. The diplomatic correspondence of the day is still withheld from the public view, and it is not so easy to say which of the three Powers took the initiative, as it is to infer that Russia having the strongest motive to interfere must have been the central figure in the act. It is hardly necessary to describe here the course of events which occurred between April 23, when the identical protests of the Powers were presented at the Foreign Office of Tokio, and May 10, when the entire nation of Japan beheld with deep emotions the simultaneous publication of the ratified treaty of Shimonoseki and of a special Imperial Decree retroceding the entire territory of the Liao-tung to China. The notes of the Powers, accompanied as they were by a verbal profession from each of the Governments of its friendly motives in the act, and followed by the augmentation and concentration of the Eastern fleets, had intimated that Japan's retention of the territory was considered by them not only as imperilling the Chinese Capital, but also as making Korean independence illusory, and prejudicial to the permanent peace of the Far East.

The historical significance of this memorable event deserves a special emphasis. It is not too much to say, that with it Eastern Asiatic history radically changed its character, for it marks the beginning of a new era in which the struggle is waged no longer among the oriental nations themselves, but between those different sets of interests and principles which characterize human progress at its present stage and which are represented by the greatest Powers of the world. China's position as a dominant exclusive force was no sooner overthrown in Korea than it was replaced by that of another Power of a like policy and with aggressive tendencies. Moreover, the area opened to the advance of Russia covered not only Korea, but also northern China and beyond, and the new aggressor was the very Power which had already thirty years before created a restless

feeling among the Japanese by extending toward them through Primorsk and Sakhalien its already enormous and contiguous dominion. The influence of Russia was now brought face to face with that of Japan, each with a promise to extend against, and perhaps to clash with, the other. With the movement of Russia, there travelled from Europe to Asia her sympathetic relations with France, while against this practical alliance stood the increasing common interests and sympathies of Japan, Great Britain and the United States; Germany remaining as a free lance between the two groups of Powers. This remarkable accession, in both area and agents, of the new activity in the East was heralded in, to all appearance, not gradually but with a sudden sweep. And gravely ominous was its opening scene, representing at once a pretended good-will toward a feeble Empire, and an armed coercion of a proud nation whom coercion would only stimulate to a greater ambition.

Upon Japan, indeed, the event seems to have wrought effects too profound to be correctly understood by even some of her own people; for the sense of revenge which is so persistently ascribed to her was hardly the ruling passion excited in her breast. If we are not completely mistaken, Japan in 1895 awoke to an absorbing desire which left little room for individual national revenge. It became to her as clear as daylight that the new position she had acquired in the Orient by her victory over China could be maintained only by an armament powerful enough to give her a voice among the first Powers of the world. Her own independence even must be so guarded; if she would not retire into herself and finally cease to exist, she must compete with the greatest nations, as well in the arts of war as in those of peace. Henceforth began an enormous extension of Japanese military forces, as well as a redoubled activity in all other lines of national progress. What is less obvious, but still more important, was the increased effort of Japan to strengthen her position in the world by basing her international conduct upon the fairest and best-tried principles of human progress. The subsequent evolution of her interests at home and abroad seems, by a fortunate combination of circumstances, to have irrevocably committed her to this course; for not only does a common policy

along these lines draw her and the Anglo-Saxon nations closer together, but it is therein also that the vital promise of her future appears to lie. And the consciousness of this powerful unity of moral and material life seems to have infused a thrilling new force into that love of country historically characteristic of the Japanese. It is to the intervention of 1895 and the situation which ensued that Japan owes the hastening of all these results.

## II.

By her successful intervention, Russia had conferred upon China a signal favor, for which a reward was expected; but the reward, again, assumed such a form that it at the same time served as a new favor looking toward a fresh reward, so that the final resultant of the repeated process proved altogether out of proportion to the initial deed of patronage. The first step of this process was a loan to China of four hundred million francs, at 94½ and 4 per cent., payable in thirty-six years beginning with 1896. The loan was guaranteed by Russia and issued principally from Paris (July 19, 1895), and the income was intended for the payment of China's indemnity to Japan.<sup>1</sup> In order to facilitate the transactions in connection with this loan, as well as to promote the commercial relations between the two Empires, the Russo-Chinese Bank with its extensive privileges was organized late in 1895.<sup>2</sup> This nominally private bank, presided over by Prince Ukhtomsky, has since become a great instrument through which the Russian Government has obtained from China enormous concessions in Manchuria.

Before examining the nature of these concessions, it is important to observe what took place between Russia and China through the official channels. In March, and again in October, 1896, the diplomatic world was startled to see the publication in the press of the so-called Cassini Convention<sup>3</sup> alleged to have been concluded at Peking between the Russian Minister and the late Li Hung-chang, which contained, in the first place, variously

<sup>1</sup> See Henri Cordier, *Histoire des relations de la Chine avec les puissances occidentales, 1860-1902* (3 vols.), vol. 3, Paris, 1902, pp. 305-6.

<sup>2</sup> See *ibid.*, pp. 310-312.

<sup>3</sup> Cordier, *Histoire*, III., pp. 343-347, 384-385.

conditioned railway concessions to Russia,<sup>1</sup> and, in the second place, provisions regarding the use of the ports of Kiao-chau, Port Arthur and Talien-wan. The heterogeneous character of this document has been pointed out by M. Cordier,<sup>2</sup> and its very existence has been denied by the Chinese officials, but the denial may be understood to mean that no instrument of precisely the same form as was reported had been concluded between Earl Li and M. Cassini.<sup>3</sup> It will be remembered that at the coronation of the Czar in 1896, Russia was reported to have intimated that no other Chinese envoy for the occasion was acceptable to Russia than Li Hung-chang; and it has since been oftener alleged than denied that Li signed at St. Petersburg with either the late M. Lobanoff or M. Witte an important agreement between China and Russia, which was later supplemented by other agreements. At least, there are indications of undoubted authenticity that Russia had before 1898 obtained more concessions, or else claimed more extensive privileges—including the use of some ports on the Chinese littoral<sup>4</sup> and the right to build a railway toward Shan-hai-kwan<sup>5</sup>—than can be found in all the Russo-Chinese agreements that have been made public. It is needless to say that the two objects of concessions, the ports and the railways, possessed a strategic meaning of enormous importance, the ports affording the Russian navy a commanding point on the Pacific coast of which it had been in need, and the railways

<sup>1</sup> *Viz.*, across Manchuria to Vladivostok *via* Kirin; between Port Arthur and Talien-wan and Shan-hai-kwan; and between the last named town and Kirin *via* Mukden.

<sup>2</sup> *Histoire*, III., p. 348.

<sup>3</sup> See Dr. Morrison's conversation with Prince Ching, in the *Times*, March 20, 1901, p. 5.

<sup>4</sup> Cf. Count Muravieff's remark in Dec., 1897, that an "offer" of Port Arthur had been made by China for the Russian fleet to winter there. The British Parliamentary Papers, *China*, No. 1 (1898), No. 37.

<sup>5</sup> Cf. M. Pavloff's remarks in *ibid.*, No. 14, and *China*, No. 2 (1899), No. 2; Russia's conventional claim, in *China*, No. 2 (1904), Nos. 28 and 29, modified Article 12; her attempts to secure dismissal of British engineers on the Northern railway, *China*, No. 1 (1898), Nos. 13, 26, 38, 43, 111, 113, 117, 121, No. 2 (1899), Nos. 2, 9, 10, 52, 65, and No. 1 (1900), No. 321; the Anglo-Russian railway agreement of April 28, 1899, in the supplementary articles of which Russia succeeded in re-instating her claim, *China*, No. 2 (1899), No. 138, and No. 1 (1900), No. 148; and Russia's attempt to build a railway direct to Peking, *China*, No. 1 (1900), pp. 112, 116, 120, 132, 160, 180, 214-5.

ultimately connecting that point with the army bases in Siberia and European Russia.

Of these two items, it was the railways that first emerged from the state of a preliminary to that of a final agreement between Russia and China. And it was here that the Russo-Chinese Bank played a great rôle for the Russian Government, for the Agreement of August 27 (September 8), 1896,<sup>1</sup> providing for the construction by the Russians of a railway through Manchuria connecting the Trans-Baikal and South Ussuri lines of the Siberian railway system was concluded between the Chinese Minister at St. Petersburg and the Bank. The latter undertook to organize an Eastern Chinese Railway Company with its accounts separate from those of the Bank. Upon the basis of this agreement, statutes<sup>2</sup> were promulgated by the Russian Government, providing for the construction and operation of the railway. These statutes would seem to betray the fact that the enterprise was only in a very limited sense the undertaking of a private company. In the first place, the capital of the company was divided into share-capital and bond-capital, the former, not guaranteed by the Russian Government, being limited to only five million rubles, while the latter, which was officially guaranteed, could be indefinitely expanded according to necessity.<sup>3</sup> It seems, in fact, to have swollen before the present war to the enormous sum of over two hundred and seventy million rubles.<sup>4</sup> In the second place, the operation of the railroad was placed upon the uniform basis of the Siberian system, and under the management of a board whose nominal president was a Chinese but whose vice president, who was to assume the actual direction, was under the supervision of the Minister of Finance.<sup>5</sup>

<sup>1</sup> The exact text does not appear in any official publication. Its contents may be found in Alexander Hosie, *Manchuria*, pp. 43-44. The present writer is in possession of the Chinese text which appeared in the *Kokumin* of a few years ago, the date of which he does not recall.

<sup>2</sup> Confirmed by the Czar on Dec. 4/16, presented to the Ruling Senate on Dec. 8/20, and published in the *Bulletins des Lois* on Dec. 11/23, 1896. See a translation in the Br. Parl. Papers, *Russia No. 1* (1898), and *China, No. 1* (1900), pp. 57-61.

<sup>3</sup> The Statutes, Arts. 10-15.

<sup>4</sup> The REVIEW for May, 1904, pp. 33-34.

<sup>5</sup> The Statutes, Arts. 18-27.

Finally, but not least in importance, was the provision regarding the protection of the railway and its employees and the policing of the lands assigned to the road and its appurtenances. The former duty was entrusted to the Chinese Government, but the latter was "confined to police agents appointed by the Company. The Company should for this purpose draw up and establish police regulations."<sup>1</sup> In these police agents, ostensibly to be employed by the Company, one may discern the origin of the famous "railway guards," later called the "frontier guards," whose existence has since 1902 become an important problem in connection with the Russian evacuation of Manchuria. It should also be noted that this provision concerning the police agents does not appear in the corresponding article in the reported text of the Agreement between China and the Bank, upon which the Statutes were based; so that one is at a loss to discover the conventional ground for this law, unless, indeed, it were the so-called Cassini Convention, which was alleged to have provided for the organization of Russian infantry and cavalry battalions in order to protect Russian interests in the remoter parts of Manchuria.

It was agreed that after eighty years the line should come into the possession of the Chinese Government, and that the latter should have the option of buying up the road and its appurtenances after thirty-six years.<sup>2</sup> It is interesting to see that it was also provided that during the eighty years of the Russian management, all commodities carried between China and Russia by the railway should pay in China dues one-third less than the ordinary import and export duties of that Empire<sup>3</sup>—a provision hardly reconcilable with the open-door principle, and explicitly contrary to the principles proposed by the United States to the Powers two years later. The first sod of the Manchurian railway was cut with great ceremony on the eastern frontier of the Kirin Province on August 28, 1897.

<sup>1</sup> The Statutes, Art. 8. Compare the Agreement, Art. 5, which contains merely the former of the two kinds of duties here enumerated.

<sup>2</sup> The Agreement, Art. 12; the Statutes, Art. 2.

<sup>3</sup> The Agreement, Art. 10; the Statutes, Art. 3 e.

## III.

To some the Russian railway agreement of September 8, 1896, may have appeared at first to have contemplated merely the reduction of the time and expense of completing the eastern section of the Siberian railway.<sup>1</sup> Such a belief was, however, soon dispelled, or, rather, modified, by the acquisition by Russia of the lease of the greatest naval harbor in the Yellow Sea, and, simultaneously, of the right to join this naval basis by a new railway with the main Manchurian line, so as to make complete the connection between Port Arthur and the army centres in Siberia and Russia. The Russian lease of this port was, however, preceded by and modelled after the German lease of Kiao-chau.<sup>2</sup> The special importance of this affair in relation to our subject lies in the fact, first, that Kiao-chau had been mentioned in the so-called Cassini Convention as one of the ports assigned for the use of the Russian squadron; second, that the Chinese authorities considered its lease to Germany as a compensation for the favor Germany did for China in 1895 in the retrocession of the Liao-tung peninsula;<sup>3</sup> third, that Herr von Bülow regarded the seizure of the port as a wise preparation for the partition of China which might occur;<sup>4</sup> and, fourth, that other Powers, including Russia, quickly availed themselves of the example thus set by Germany.<sup>5</sup> In this connection, it is interesting to observe the attitude taken toward this incident by Great Britain, the

<sup>1</sup> By allowing it to pass across Manchuria by a route shorter and easier than one along the Amur and Ussuri Rivers.

<sup>2</sup> It is impossible here to relate the extraordinary course of events which resulted in the conclusion of the German-Chinese Agreement of March 6, 1898, by the first section of which the Bay and the surrounding territories of Kiao-chau, more than two hundred square miles in extent, were leased to Germany for ninety-nine years, while the second and third sections provided for the extensive mining and railway privileges to be enjoyed by the same Power in the Province of Shan-tung. See the numerous documents on the subject to be found in the Br. Parl. Papers, *China*, No. 1 (1898), and *China*, No. 1 (1899). *Das Staatsarchiv*, Bd. 61, No. 11518, pp. 1-11. English text in Mayers, pp. 280-281. The second and third sections have not been published officially. For their contents, see *China*, No. 1 (1899), No. 65, and Mayers, pp. 281-282. Cf. *China*, No. 1 (1899), pp. 150-152.

<sup>3</sup> See the U. S. 55th Congress, 3d Session, *House Documents*, vol. I., p. 189.

<sup>4</sup> The Br. Parl. Papers, *China*, No. 1 (1899), p. 67.

<sup>5</sup> *China*, No. 1 (1898), No. 125.

Power which possessed the greatest interest in insisting upon, as well as the strongest power to enforce, the two cardinal principles of the world's diplomacy in China, namely, the territorial sovereignty of the Chinese Empire and the equality therein of economic opportunity for all nations. Official despatches of the day clearly indicate that, on the one hand, Germany made efforts<sup>1</sup> to allay the susceptibilities of Great Britain, and that, on the other, the British remonstrances were not only so mollified as to be ineffective, but also were turned in such a direction as only to add to the dangers of the situation. Sir Frank C. Lascelles, the British Representative at Berlin, said to Herr von Bülow, on December 20, "that, so far as he knew, Her Majesty's Government had raised no objection to the German ships going to Kiao-chau. Should, however, a demand be put forward for exclusive privileges, or should other countries seek to take possession of Chinese ports, it would probably become necessary for Her Majesty's Government to take steps for the protection of her vast interests in China."<sup>2</sup> In this last sentence is seen a curse of China's foreign relations, that is, the idea of the balance of power—a balance between foreign nations on her ground and at her expense. Germany could scarcely have felt the force of the British protest, which was, indeed, directed rather to China than to Germany. The latter secured what she asked, and made Kiao-chau as free a port as her Treaty Tariff system would allow;<sup>3</sup> but German claims to the sole right of railroad and mining concessions in the Province were speedily emphasized by the organization of the *Schan-tung Eisenbahngesellschaft*, with a capital of fifty-four million marks.

#### IV.

A month after the occupation of Kiao-chau by the German marines, three Russian men-of-war came to winter at Port Arthur,<sup>4</sup> Count Muravieff explaining that the arrangement

<sup>1</sup> *China*, No. 1 (1898), Nos. 39, 49, 60, 74.

<sup>2</sup> *China*, No. 1 (1899), No. 39. Also see *ibid.*, p. 20.

<sup>3</sup> See *ibid.*, No. 322, and *China*, No. 1 (1900), pp. 12-13, 35, 146-147, 106, 233, 241-242.

<sup>4</sup> *China*, No. 1 (1898), No. 23, December 20, 1897.



was temporary and that the fact that the port was ice-free was not very important.<sup>1</sup> Great Britain at first urged China to open Talien-wan,<sup>2</sup> obviously with a view to forestalling the ulterior designs of Russia. The latter, however, together with France, offered so determined an opposition, that Lord Salisbury withdrew his pressure upon China, and requested Russia to promise to open the port to the world's trade, if she should lease it.<sup>3</sup> To this request, which was tantamount to the recognition of Russia's right to lease Talien-wan, the Russian Government replied favorably.<sup>4</sup> Soon, however, the question centered upon Port Arthur, which could hardly be turned into a commercial port, but was strategically so important that its control by a Power whose vast territory was conterminous with China would signify, according to Lord Salisbury, a beginning of the partition of the Empire.<sup>5</sup> Russia had at first been allowed only to winter her squadron in the harbor, but presently claimed there "a prior right of anchorage,"<sup>6</sup> and suggested her future right to the use of the port "to which the progress of events had given her a claim."<sup>7</sup> At last, when Great Britain had obtained from the Chinese Government a pledge not to alienate the Yang-tsze Provinces to another Power,<sup>8</sup> and Germany had concluded her Agreement of March 6, Russia brought forward her long cherished demand for a lease of both Port Arthur and Talien-wan and a railway concession from Petuna on the Trans-Manchurian railway to the ports.<sup>9</sup> The report, which reached London on March 7, seems to have made a profound impression upon the British Government, which now tried to secure from Russia the opening of both ports,<sup>10</sup> and succeeded in obtaining an assent from the Czar on March 15.<sup>11</sup> Then the Foreign Office of London appeared to have awakened to the fact that Port Arthur would never be available as a trading port,<sup>12</sup> and accordingly urged the Russian Government to reconsider the advisa-

<sup>1</sup> *Ibid.*, No. 37.<sup>2</sup> *Ibid.*, Nos. 30, 32, 43, 46, 51, 57.<sup>3</sup> *Ibid.*, Nos. 59, 72, 76, 123. Cf. Nos. 56, 62, 65, 69, 75, 78, 79.<sup>4</sup> *Ibid.*, Nos. 114, 76, 82, 83, 87.<sup>5</sup> *Ibid.*, No. 133.<sup>6</sup> *Ibid.*, No. 54.<sup>7</sup> *Ibid.*, No. 59.<sup>8</sup> *Ibid.*, No. 85.<sup>9</sup> *Ibid.*, Nos. 95, 96, 99-101, 103.<sup>10</sup> *Ibid.*, No. 104.<sup>11</sup> *Ibid.*, No. 120. Cf. No. 114.<sup>12</sup> *Ibid.*, No. 133.

bility of leasing it.<sup>1</sup> The British protests were, however, plainly coupled with the intention of making a counter-move to restore the "balance" if the prime move of Russia could not be checked. Count Muravieff refused to consider the British representations.<sup>2</sup> Thereupon, on March 28, notification was given to the Russian Government that Great Britain would retain her entire liberty of action in protecting her interests and in averting the evil consequences which she anticipated.<sup>3</sup> Her negotiations with China for the lease of Wei-hai-Wei under the same terms as those of Russia at Port Arthur and Talien-wan had been opened.<sup>4</sup> On the preceding day, however, the Russo-Chinese Agreement had been signed incorporating all the points upon which Russia had insisted and against which Great Britain had vainly protested.<sup>5</sup>

The agreement of March 15/27, 1898, has never been published by the Russian Government, and the only source to which we can turn is an English translation of a Chinese *précis* forwarded by Sir C. MacDonald more than a month after the conclusion of the Agreement.<sup>6</sup> According to this *précis*, Port Arthur and Talien-wan, with their adjacent waters, were leased to Russia for twenty-five years, subject to renewal by mutual agreement, the lease not affecting the authority [? sovereign rights] of China (Articles 1 and 3). Port Arthur would be a naval port open only to the Russian and Chinese men-of-war, but closed against the merchant-marine and navy of other nations; while Talien-wan, excepting a portion to be used exclusively for naval purposes, would be a trading port open freely to the merchant-vessels of all nations (Article 6); the railway contract of 1896 was extended so as to cover a branch line to Talien-wan, and, if necessary, another line between Niu-chwang and the Yalu River; but the construction of the railway should not be made a ground for securing territory or encroaching upon the "authority or interests" of China (Article 8). These Articles were supplemented on May 7 by a Special Russo-Chinese

<sup>1</sup> *China*, No. 1 (1898), Nos. 123, 133.    <sup>2</sup> *Ibid.*, Nos. 125, 132.

<sup>3</sup> *Ibid.*, No. 133.    Cf. Nos. 95, 108, 129; *China*, No. 1 (1899), No. 2.

<sup>4</sup> *Ibid.*, No. 129.

<sup>5</sup> Cf. *ibid.*, Nos. 134-140, 144, 149, 151.

<sup>6</sup> *China*, No. 1 (1899), No. 187.

Agreement,<sup>1</sup> and the Provisional Regulations of the leased territory were published on September 1, 1899.<sup>2</sup> According to these regulations, the territory, now called Kwan-tung, was placed under the jurisdiction of the Ministry of War, and its administration was headed by a governor appointed and removed at the immediate will of the Czar. The governor was also commander-in-chief of the army forces of Kwan-tung and entered into immediate communication with the commander of the Cis-Amur Region, and in addition commanded the navy at Port Arthur and Vladivostok; the latter port, however, retained its own commander, who was subordinate to the Governor. In matters concerning the frontiers and foreign relations, the Governor communicated directly with the Russian representatives at Peking, Tokio, and Seoul, and the military and naval agents. At the creation of a vice-regency in this region, on August 13, 1903, the powers of the administrative chief were greatly increased.

Talien-wan being mainly open to foreign trade, its administration was organized on a different footing from the rest of Kwan-tung. Near it was built a new town called Dalny, which now covers an area of one hundred square versts, and is the commercial terminus of the great Siberian railway. It was declared a free port, on August 11, 1899, under the following conditions: that the importation and exportation of merchandise would be allowed free of customs dues, within the limits determined, and liable to modification, by the Finance Minister; but that goods imported into Russia from Dalny would pay the regular import duties in force in the Russian Empire.<sup>3</sup>

## V.

We have given only an incomplete account of the manner in which certain Powers seemed, during the years 1897 and 1898, to vie with one another in transgressing the principle of the territorial integrity of the Chinese Empire. Another principle,

<sup>1</sup> *China, No. 1 (1899)*, No. 273.

<sup>2</sup> *China, No. 1 (1900)*, pp. 292-293, 304-311, 335. The *Tsūshō-Isan*, April 28, 1904, pp. 33-46.

<sup>3</sup> *China, No. 1 (1900)*, pp. 262-263.

however—that of the open door, or, of the equal opportunity in China for the commercial and industrial enterprise of all nations—was, as we have seen, not as openly ignored even by the most aggressive Powers. The time came, in 1900, when the observance of both principles appeared to be the only safeguard against a general partition of China as well as against an internal revolution through the length and breadth of that vast Empire. The story of the Boxer rising is too fresh in everyone's memory to need to be retold. It was during this insurrection, and during the march of the allied forces toward Peking and the long negotiations which followed it, that all the Powers concerned repeatedly and unequivocally pledged themselves to one another to maintain the two cardinal principles of Chinese diplomacy. It was, however, precisely in this period that the most acute stage of the Manchurian situation was reached. Evidence is abundant to show that Russia was inclined greatly to underestimate the seriousness of the troubles in North China,<sup>1</sup> where a concerted action of all the interested Powers was imperative, while in Manchuria, which Russia had for years regarded as her sphere of influence,<sup>2</sup> she carried forward aggressive measures with great rapidity and on an enormous scale.<sup>3</sup> It is not easy to determine whether Russia took the offensive in the great Manchurian campaign which began near the end of June, or whether hostile acts of the Chinese had precipitated it, but it seems safe to say that rumors of impending dangers had been abundant before the Russian troops poured into the territory, and also that the presence of the latter apparently provoked more extensive outrages of the rioters than would otherwise have occurred.<sup>4</sup> By the time that the Peking Legations were relieved by the allied forces (August 15), the major part of Manchuria, including the treaty port of Niu-chwang, was in a state of military occupation by the Russians. This marks a new stage in the development of the Manchurian question, for no longer was this vast territory a mere Russian sphere of influence; it was a prize of conquest.

<sup>1</sup> *China*, No. 3 (1900), Nos. 43, 45, 48, 58, 65, 114, 120, 159.

<sup>2</sup> See, for example, *China*, No. 1 (1898), p. 6.

<sup>3</sup> See the *Kokumin*, March 8, 1901.

<sup>4</sup> See *ibid.*, and *China*, No. 1 (1901), No. 47, etc.

For Russia, the problem henceforth seemed to be not so much how to tighten her hold as how to convert temporary occupation into permanent possession.

Such a problem could hardly be propounded by Russia before the world, for it would at once arouse a determined protest of those Powers which were, from conviction and from interest, committed to the principles of the integrity of the Chinese Empire and of the open door therein, as the best means of insuring a lasting peace in the Far East. Seldom has the world's history seen a parallel to the interesting diplomacy Russia pursued in Manchuria and Korea in her long, laborious effort to explain certain primitive facts and deeds in the terms of the foreign phrases—phrases whose significance in this particular case her rivals well knew, but which they could hardly repudiate so long as they themselves upheld the principles which the phrases professed to represent. It would have been one of the most striking feats of the government of a nation, if the artful diplomacy of Russia had been able to combat successfully to the end, with the enemy's weapon, the straightforward statecraft of the partisans of fair play.

What made Russia's position doubly difficult was her effort at once to reconcile with one another and yet to discriminate between the widely different situations of Manchuria and North China. It was necessary for her to avow her respect for the sovereign rights of China in both regions, but she would maintain that Manchuria was beyond the sphere of the concerted action of the allied Powers, whose attention should be confined to North China.<sup>1</sup> Herein may be found the cardinal principle of Russian diplomacy in East Asia since 1900, and also the primary reason for its ultimate failure—for diplomacy has failed when it ends in war, and if Russia does succeed, her success will be one of force, not of diplomacy. As a matter of fact, it was as impossible to deny the profound interest felt by Great Britain and the United States, and, above all, by Japan, in the economic development of Manchuria, as it would have been to exclude Russia from the community of the Powers in North China.

<sup>1</sup> See the Br. Parl. Papers; *China*, No. 3 (1900), No. 149; No. 1 (1901), Nos. 105, 256, 356; No. 2 (1904), pp. 18, 20-21.

Under these circumstances, it was hardly politic for Russia to approach the Manchurian question at the time and in the manner selected by her. When the Representatives of the Powers had hardly begun seriously to consider the preliminary terms of peace at Peking, the delegates of Admiral Alexieff and the Tartar-General of Mukden were reported to have concluded, in November, 1900, an arrangement whereby the Russians agreed to restore the civil government of the Sheng-king Province of Manchuria, under the conditions that the Province should be disarmed, that its military control should remain in the Russian hands, that its civil administration should be placed under the supervision of a Russian resident at Mukden, and that the Chinese should provide for the Russian military and protect Russian properties. The last provision was coupled with the right of the Russians to supply reinforcements, if the Chinese local police should prove insufficient.<sup>1</sup> This agreement was probably ratified by neither Russia nor China,<sup>2</sup> and, when other Powers signified their disapproval of the action of an individual Power in coming independently to terms with China,<sup>3</sup> Count Lamsdorff, the Russian Foreign Minister, explained the local and temporary character of what he termed "*a modus vivendi* for the duration of the simultaneous presence of Russian and Chinese authorities in Southern Manchuria."<sup>4</sup>

Early in 1901, again, it was reported<sup>5</sup> and later officially confirmed by high authorities in China, including the Emperor,<sup>6</sup> that the Russian Government had proposed to China certain new terms regarding Manchuria which the government of Peking was unwilling to accept but unable to resist.<sup>7</sup> These terms were of the most drastic nature, for they contained, among other things, provisions for a temporary prohibition of the importation of arms and ammunition into Manchuria, an eventual control by Russia of the disposition of the Chinese forces in the territory, exclusion of cannon from the armament of the Chinese police, non-employment of foreign military or naval instructors in North

<sup>1</sup> The Times, Jan. 3, 1901, p. 3. Cf. *China*, No. 2 (1904), No. 5.

<sup>2</sup> See, however, an official statement of Russia in *China*, No. 2 (1904), p. 22.

<sup>3</sup> *Ibid.*, Nos. 8, 12, 13, 19.

<sup>4</sup> *China*, No. 2 (1901).

<sup>5</sup> *China*, No. 2 (1904), Nos. 6, 14, 25, 42. (The Times, Feb. 28, 1901, p. 5.)

<sup>6</sup> *Ibid.*, Nos. 16, 17, 32, 35.

<sup>7</sup> *Ibid.*, No. 16.

China, and the closure of Manchuria, Mongolia, Tarbagatai, Ili, Kashgar, Yarkand, Khotan, etc., against the economic enterprises of other nations.<sup>1</sup> At an urgent request of the Chinese authorities, who might have signed the agreement<sup>2</sup> had it not been for the strong opposition of Great Britain,<sup>3</sup> Germany, the United States, and Japan,<sup>4</sup> the terms were so modified (in March), as to limit their application to Manchuria,<sup>5</sup> Russia at the same time disassociating herself from the concert of the Powers in their negotiations concerning the punishment to be inflicted upon some local Chinese officers guilty of outrages upon foreigners during the last insurrection.<sup>6</sup> Count Lamsdorff firmly declined either to refer the proposed convention to the peace conference at Peking, or to communicate its terms to other Powers, for, he said, negotiations between two independent States should not be interfered with by another.<sup>7</sup> The Count even denied that there existed anything beyond a mere "programme"<sup>8</sup> of evacuation the details of which had at one time or another been under discussion between Russia and China. Japan was so little satisfied by the assurances she received from Russia that, on April 5, she made a second protest at St. Petersburg, and in a resolute tone.<sup>9</sup> On the same day, there appeared in the Russian Official Messenger a long statement recapitulating Russia's relations with China since the beginning of the Boxer uprising, and declaring that, owing to the false reports of the foreign press and the obstacles placed in the way of China, a Russo-Chinese Agreement serving as a starting point towards the restoration of Manchuria to China had now to be abandoned. "While maintaining the present temporary form of government [of Manchuria]," concluded the statement, "with the object of insuring order in the neighborhood of the vast Russian frontier, but remaining unalterably true to their original programme, as repeatedly formulated, the Imperial Government will quietly await the future progress of events."<sup>10</sup>

Russia did not delay long in reaching another "starting point," for in August, 1901, she was resuming her negotiations

<sup>1</sup> *Ibid.*, No. 42.

<sup>2</sup> Cf. *ibid.*, Nos. 32, 33, 35.

<sup>3</sup> *Ibid.*, Nos. 28, 29, 30, 33, 42.

<sup>4</sup> *Ibid.*, p. 22; *China, No. 6* (1901), Nos. 61, 119, 135, 176, 234.

<sup>5</sup> *Ibid.*, No. 34.

<sup>6</sup> *Ibid.*, No. 39.

<sup>7</sup> *Ibid.*, Nos. 21, 31.

<sup>8</sup> *Ibid.*, No. 28.

<sup>9</sup> *The Kokumin*, April 6, 1901.

<sup>10</sup> *Ibid.*, No. 37 (pp. 17-23).

with China to bring about the signature of the amended Manchurian Agreement of the preceding March.<sup>1</sup> Presently the Peace Protocol was signed, on September 7, between the Powers and China.<sup>2</sup> Seizing this opportunity, M. Lessar, the new Russian Minister at Peking, proposed a new agreement providing for the evacuation of Manchuria to be completed in three years under certain conditions<sup>4</sup> which, in comparison with the previous terms laid down by Russia, appeared lenient. Prince Ching, President of the Foreign Office at Peking, seems to have begged for the completion of evacuation within one year, and Russia, after agreeing to reduce the time-limit from three to two years, now brought forward a separate Agreement between the Chinese Government and the Russo-Chinese Bank, conferring upon the latter exclusive privileges in the development of Manchurian resources. When the United States Government reminded Count Lamsdorff, early in February, 1902, of the treaty rights of other Powers in Manchuria,<sup>3</sup> the latter replied, over his signature, that Russia had no thought of attacking the principle of the open door "as that principle was understood by the Imperial Government of Russia"; that she had no intention whatever of changing "the policy followed by her in that respect up to the present time"; and that the privileges demanded by the Bank and supported by the government were of a nature similar to those which the companies of other nations had secured in China under the support of their own governments.<sup>4</sup> The Count, however, made no reference to the Convention which the Russian Government was, on its own behalf, pressing upon China. Not long afterwards, Prince Ching prepared counter-proposals which Japan had wholly and Great Britain in the main approved.<sup>5</sup> These proposals are interesting for their practical identity with the final Russo-Chinese Agreement of April 8; the only difference is that the Prince's draft limited the period of evacuation to one year, instead of a year and a half, as in the later agreement, thus showing conclusively that Russia largely accepted the repre-

<sup>1</sup> *Ibid.*, No. 40.

<sup>2</sup> The Br. Parl. Papers, *Treaty Series*, No. 17, 1902. Mayers, pp. 283-318.

<sup>3</sup> The U. S. 57th Congress, 2d Session, *House Documents*, vol. I., pp. 270, 274.

<sup>4</sup> *Ibid.*, 926-929.

<sup>5</sup> *Ibid.*, 277-279.



sentations of China. This abrupt condescension on the part of Russia is supposed to have been partly due to an important event which had recently taken place in the diplomatic world—the conclusion of the Anglo-Japanese Agreement signed at London on January 30, and simultaneously announced to the British Parliament and the Imperial Diet of Tokio on February 12, 1902.

## VI.

This remarkable instrument united reciprocally two nations widely apart in race, religion and history, one of which had rarely in time of peace entered into a regular alliance even with a European Power. The most striking as well as the most important feature of the agreement, from the standpoint of our study, were the entirely fair and open principles to which it gave a clear expression. The two contracting parties mutually recognized the independence, not only of China, but also of Korea—Japan's peculiar interests in this country being recognized—and declared themselves to be "entirely uninfluenced by any aggressive tendencies in either country." If, however, the interests of either party were threatened by the aggressive action of another Power or by internal disturbances in these countries, that party might take necessary measures to safeguard its threatened interests (Article 1). If, in this action, a war should result between that party and another Power, the other party would be strictly neutral, and use its efforts to prevent other Powers from joining in hostilities against its ally (Article 2), but if that ally should be involved in war with two or more Powers, the other party would come to its assistance and conduct the war in common (Article 3). Whenever the interests of either party were in jeopardy, the two Governments would communicate with one another fully and frankly (Article 5), and neither of them would enter into separate agreements with another Power without consulting the other (Article 4). The term of the Agreement was fixed at five years from the date of its signature, but if at the end of the fourth year neither party should have notified the other of its intention of terminating it, it should remain binding till one year after either party should have denounced it, while an

actual war in which either ally was engaged at the time of the expiration of the term would prolong the life of the Agreement until the conclusion of peace (Article 6).<sup>1</sup> From these articles and the note from Lord Lansdowne to Sir Claude MacDonald which enclosed the Agreement, it is clear that the alliance exists for the sole purpose of effectively safeguarding the interests already acquired by the two Powers on the common ground, and it is implied in an unmistakable manner that those interests may best be maintained by the total abstention, in any event, from all aggressive or exclusive tendencies in China and Korea; and, what is equally important, that the observation of these principles would make forcibly for the preservation of the general peace in the Far East. A war would be justifiable only when the interests of either party should be seriously threatened, while such an eventuality would in no wise justify that party in departing from the principles of the open door and the territorial integrity of the Chinese and Korean Empires.

This "measure of precaution," as Lord Lansdowne characterized it, was openly seconded, but in reality neutralized, by the Russo-French Declaration of March 16, which stated that its authors found in the principles of the Agreement the very foundation of the French and Russian policy in the Far East, but reserved to themselves the right to consult as to the means of protecting their special interests, if the latter were menaced by "either the aggressive action of third Powers, or the recurrence of disturbances in China, jeopardizing the integrity and free development of that Power."<sup>2</sup>

From this and an accompanying document<sup>3</sup> it is not altogether apparent how much over and above the two fundamental principles of the other allies has been endorsed by France and Russia, and this uncertainty leaves the world much in the dark as to the precise conditions of their alliance. Nor does the reservation stated at the end of the Declaration make it evident that the two principles themselves may not be discarded by the two Powers, under certain circumstances, according to their own

<sup>1</sup> The Br. Parl. Papers, *Treaty Series*, No. 3, 1902.

<sup>2</sup> *Ibid.*, China, No. 2 (1904), No. 50.

<sup>3</sup> An official statement, *e. g.*, of the Russian Government. See the *Evening Post*, March 20, 1902.

conception of the measures necessary to safeguard their interests. However that may be, one can hardly avoid the conclusion that the allied Governments of Russia and France must have been animated at least as much by the deep rivalry of their interests with those of the other allies, as by the principles they professed; for it is certain that, ever since their memorable coalition with Germany in 1895 in the coercion of Japan, Russia and France had acted in mutual good-will, the former being largely aided by the latter in Manchuria and Korea, and the latter by the former in the southern Chinese provinces,<sup>1</sup> alike in their diplomatic manœuvres and in their struggles with Japan and Great Britain. The publication of the Agreement and the Declaration may be said to have greatly clarified the political atmosphere, and, in spite of the verbal meaning of the Declaration, to have accentuated not a little the widening contrast between the two different policies upheld by the two powerful coalitions in the East.

## VII.

The Russo-French Declaration was closely followed, on April 8, 1902, by the notable convention<sup>2</sup> concluded between Russia and China regarding the Manchurian Provinces, which went into force simultaneously with its signature. Based on the counter-propositions of Prince Ching, the new convention was noteworthy for its mild terms. Russia promised thereby, upon the condition that China should effectively protect the Russian railways, Russian subjects and their enterprises in Manchuria, and that foreign Powers should throw no obstacles in the way of Russia, to evacuate the territory at three different periods within the ensuing eighteen months, as follows:—from the regions west of the Liao River, by October 8, 1902; from the rest of the Province of Sheng-king and the entire Province of Kirin, by April 8, 1903; and, finally, from the Hei-lung (Amur) Province

<sup>1</sup> See, for instance, *Ministère des Affaires Etrangères: Documents diplomatiques, Chine, 1894-1895*, Nos. 19, 36, 37, 61, 65. During the peace negotiations at Peking, after the Boxer war, Russia and France coöperated as closely as did Great Britain, Japan, and the United States.

<sup>2</sup> The Br. Parl. Papers; *China, No. 2 (1904)*, Nos. 51, 54.

by October 8, 1903. Pending the evacuation, the numbers and stations of Chinese troops in Manchuria should be determined by consultation between Russian and Chinese officers, but, after the evacuation, those troops might be distributed at the discretion of Chinese officers, with the condition, however, that the Russian Government should be notified of every change made in this respect. The moderate tone<sup>1</sup> of the present instrument as compared with the former abortive conventions, particularly the absence therefrom of any provision for the exclusive control by the Russians of the mining and railway enterprises either in or out of Manchuria, seemed to confirm the sincerity of Russia's avowed intentions in the East.

If, however, her subsequent conduct in Manchuria has appeared to contradict the tenor of the agreement, it is only necessary to observe how elastic and expansive its terms were. Of the two flexible conditions for evacuation, namely, the non-recurrence of disorder and the absence of obstruction by other Powers, the former was practically impossible so long as the presence of the Russian forces kept the Chinese troops greatly reduced in numbers. The apprehended disorder must come, as it always has done—and none knew this better than the Russians—from the groups of unoccupied men, the so-called "mounted bandits," who infested the Provinces of Sheng-king and Kirin, where they sided with whatever power suited their fancy and interest, exercised their own law, and in one way or another kept the country in a state of great instability. It should be noted that they were either disbanded soldiers or the possible candidates for the Chinese troops to be levied to safeguard Manchuria; for military life in China seldom attracts peaceful citizens. So long as the presence of the Russian forces rendered the regular service of the outlaws in the Chinese army unnecessary, their means of subsistence would be derived less often from agriculture than from plundering.<sup>2</sup> Between March, 1902, and August, 1903, a Russian officer successfully enlisted the service of some four hundred and fifty of those marauders, and employed them in the timber

<sup>1</sup> See The Br. Parl. Papers; *China*, No. 2 (1904), No. 42.

<sup>2</sup> *Ibid.*, p. 33. Cf. The British Consul Hosie's *Report on Niuchwang for 1901*, pp. 3-4.

work which the Russians secured in Eastern Manchuria in the name of one of the chiefs of the bandits.<sup>1</sup> Before and after this period, however, the Russian officers continually reported sanguinary conflicts with the robbers, the fear of whom seemed to constitute the main justification for the steady progress of the Russian measures of tightening a hold upon Manchuria. Side by side with this grave situation, we should also observe that the Convention provided that, even after the evacuation, if an evacuation were possible, the numbers and the stations of the Chinese troops, upon whom the onerous duty of protecting the rapidly increasing Russian subjects and properties in Manchuria would devolve, should always be made known to Russia, so that unnecessarily large forces should not be stationed.<sup>2</sup> Russia would judge whether the Chinese forces were excessive, and exert her influence to keep them in reduced numbers,<sup>3</sup> while, at the same time, their capacity both of receiving the banditti into their ranks and of affording protection to the Russian life and property would, to say the least, soon reach its limits. Thus the explicit terms of the convention were constructed so as to be greatly neutralized, as it would seem, by what was implied and could only be inferred by analysis. Not the least difficulty about the Convention was its absolute silence regarding the "railway guards,"<sup>4</sup> at present between 25,000 and 30,000 in number, whose existence was justifiable by no open contract with China, whose numbers were, theoretically speaking, not incapable of an indefinite expansion, and whose presence would make evacuation largely nominal.

Unsatisfactory as the Manchurian Agreement of April 8, 1902, appeared to Great Britain and Japan,<sup>5</sup> they refrained from entering any protest against its conclusion, probably preferring the imperfect obligations it imposed upon the contracting parties to an indefinite prolongation of the dangerous situation which then prevailed. What remained for them and for China was to watch the conduct of Russia in Manchuria and to test her

<sup>1</sup> See Eitaro Tsuruoka's address in the *Dōbun-kwai*, No. 53 (April, 1904), pp. 1-14. Also *China*, No. 2 (1904), No. 130.

<sup>2</sup> Article 3.

<sup>3</sup> Cf. *ibid.*, No. 84.

<sup>4</sup> *Russia*, No. 1 (1898), p. 6; *China*, No. 5 (1901), No. 23; *China*, No. 2 (1904), No. 63.

<sup>5</sup> *China*, No. 2 (1904), Nos. 52, 55.

veracity according to their own interpretation of the Agreement. The date set for the Russian evacuation of the southwest of the Sheng-king Province up to the Liao River, October 8, drew on, and the evacuation took place,<sup>1</sup> but in such a manner, as is now well known to the world, as to render its practical value extremely doubtful.<sup>2</sup> The restoration of Niu-chwang, where the maritime customs dues were paid to the Russo-Chinese Bank, was indefinitely delayed.<sup>3</sup> Neither the income of these customs, amounting to nearly five million taels, nor its interest have been paid by the Bank to the Chinese Government.<sup>4</sup>

The second part of the evacuation, covering the strategically most important section of Manchuria, was to occur on April 8, 1903; but this day came and passed, without seeing even a nominal withdrawal from portions of Sheng-king and all of Kirin.<sup>5</sup> In the midst of a general suspense full of apprehension, M. Plançon, Russian Chargé at Peking, was reported to have lodged at the Chinese Foreign Office a demand in seven articles containing measures of exclusion which had been studiously avoided in the agreement of April. The seven articles<sup>6</sup> included, among other things, the non-alienation, by lease or sale, of any portion of Manchuria to another Power, and the closing of the territory against foreign trade, except at the already open port of Niu-chwang, where Russia demanded the perpetuation of the management of its customs-receipts by the Russo-Chinese Bank. While, at St. Petersburg, Count Lamsdorff gave an evasive answer<sup>7</sup> to the inquiries from the United States, M. Plançon and, later, M. Lessar himself, exerted pressure upon the Peking Government, which was at the same time urged by the British, American and Japanese Ministers<sup>8</sup> and by petitioners from all of the eighteen Provinces<sup>9</sup> to reject the Russian demands. The

<sup>1</sup> *China, No. 2* (1904), Nos. 65, inclosure 2; 66, inclosure.

<sup>2</sup> See, e. g., the *Dōbun-kwai*, No. 38 (Jan., 1903), pp. 105-106; *China, No. 2* (1904), Nos. 58, 61, 62, 63, 156; the *Times*, Jan. 3 (p. 8) and 14 (p. 5), 1903.

<sup>3</sup> *China, No. 2* (1904), pp. 38, 42; Nos. 72, 74, 75, 111, 112, 122, 130-132.

<sup>4</sup> *The Kokumin*, May 30, 1904. Cf. *China, No. 2* (1904), Nos. 44, 46-48, 69, 73, 96, 99, 102, 105, 124.

<sup>5</sup> *China, No. 2* (1904), Nos. 67, 106, 116, 122, 128, 130, 137, 156.

<sup>6</sup> *Ibid.*, Nos. 77, 78, 81, 82, 86, 94, 127.

<sup>7</sup> *Ibid.*, Nos. 82, 83, 85, 91, 92, 103.

<sup>8</sup> *Ibid.*, Nos. 79, 80, 81, 82.

<sup>9</sup> The Japanese and Chinese press at the time.

repeated refusal<sup>1</sup> of the Peking Government seemed, however, to call forth from M. Lessar even heavier demands than before.<sup>2</sup>

It at length became evident, if it had not been so long before, that the existing relations between Russia and China constituted a grave and constant menace to the general peace of the East, and that the time had arrived when Japan, whose vital interests were at issue, should deal directly with Russia in order to secure once for all an arrangement satisfactory and advantageous to all parties and to the world at large.

### VIII.

A similar situation confronted Japan in Korea also. The diplomatic situation of the latter country since the conclusion of the war of 1894-5 may now be briefly recounted. The years between 1895 and 1898 witnessed violent fluctuations of influence between the Russians and the Japanese in Korea. The latter had been too eager for reform and, at least on the occasion of the murder of the Queen on October 8, 1895, had allowed themselves to be too much influenced by their less responsible element, to withstand the obstruction and diplomacy of the Russians.<sup>3</sup> It was not until the departure of M. Waeber, the astute Russian Minister, and until the activity of the Russians in China had become all-engrossing, that the latter's influence was again eclipsed by that of the Japanese. During this period of struggle, Russia and Japan concluded three agreements defining their position in Korea, namely, the Komura-Waeber Memorandum signed at Seoul on May 4, 1896, the Yamagata-Lobanoff Protocol signed at St. Petersburg on June 9, 1896, and the Nishi-Rosen Protocol concluded at Tokio on April 25, 1898.<sup>4</sup> Some of the more permanent of the terms of these agreements deserve notice, as they gave to Japan a conventional ground for her negotiations with Russia in 1903-4, just prior to the war. The two governments

<sup>1</sup> *China, No. 2 (1904)*, Nos. 78, 81, 127.

<sup>2</sup> See *ibid.*, Nos. 95, 98, 109, 110, 114, 117, 119, 121, 123, 125, 126, 134, 141, 143.

<sup>3</sup> For the events of these years, see G. Takeda, *Kinji Kyokutō Gwaikō Shi* (recent history of diplomacy in the Far East), Tokio, 1904, pp. 15-57.

<sup>4</sup> *The Treaties and Conventions between the Empire of Japan and Other Powers*, pp. 391, 393, 394.

"recognized definitively the sovereignty and the entire independence of Korea, and mutually engaged themselves to abstain from all direct interference in the internal affairs of that country." No military teacher or financial advisor should be furnished to Korea by either Power without consulting the other. In view of the large development of the Japanese commercial and industrial enterprises in Korea, the Russian Government agreed not to impede the development of the commercial and industrial relations between Japan and Korea.<sup>1</sup> In case further definitions of principles should become necessary or other points for discussion should arise, the representatives of the two Powers should be instructed to negotiate amicably.<sup>2</sup> The arrangement made in these agreements was from its nature temporary, and would have created fresh complications even if its terms had been strictly observed.

As soon as her hands were freer in Manchuria (after 1899, and again after 1901), Russia, represented at Seoul by the ambitious M. Pavloff, and also by the semi-official diplomats, Baron Gunzburg and Fräulein Sonntag, employed such means as befitted the peculiar political situation of Korea in their persistent effort to overthrow Japanese and promote Russian influence in the peninsula. For this purpose, they made to the Korean Court propositions of almost every conceivable nature, including demands for concessions at Masampo, Chinhai Bay, and Kojedo Island, in the south, for the right of building telegraph and railway lines in the north, and for the employment of Russian financial advisers and military instructors. It was not till April, 1903, however, that, simultaneously with her pressure upon Peking, Russia began to work the timber concession which she was said to have secured in 1896 when the Korean King had taken refuge in the Russian Legation at Seoul. Early in May, ostensibly to defend the forest land, forty-seven Russian soldiers arrived at Yongam-po on the Yalu, where, despite protests from the Korean Government, an extensive tract of land was seized and fortification was begun. Presently, one hundred, and then two hundred more Russian troops arrived, while, on the Manchurian side of

<sup>1</sup> The Nishi-Rosen Protocol, Arts. 1, 2, 3.

<sup>2</sup> The Yamagata-Lobanoff Protocol, Art. 2.



the frontier, fresh troops entered Antung and Fêng-hwang-Chêng,<sup>1</sup> so that the pressure of the Russian forces was heavily felt upon the Korean border. All these movements seemed to Japan so palpably in violation of the Russo-Japanese agreements of 1896 and 1898, and so irritating to the peace of the East and threatening to her own vital interests, as to justify her direct negotiation with Russia in order to arrive at such a definite understanding of the relative position of the two powers in Korea, as would insure the mutual benefit of the three nations concerned.

## IX.

It was in view of these dangerously unstable circumstances in Manchuria and Korea that, on June 23, 1903, the four principal members of the Japanese cabinet and five privy councillors met before the Throne, and decided on the principles upon which negotiations with Russia should be opened.<sup>2</sup> Having thus formulated the policy to be pursued, Japan asked Russia, on July 28, if she would be willing to eliminate causes of future misunderstanding between the two Empires, by examining the conditions of the places where their interests touched one another, with a view to defining the special interests of each. It was emphasized that the intentions of Japan in proposing the negotiation were entirely pacific, and also that she considered the question as of supreme importance to herself.<sup>3</sup>

To this request of Japan Count Lamsdorff agreed, as the best policy, and his assent was sustained by the Czar.<sup>4</sup> In the meantime, however, it was surmised abroad that the peace party

<sup>1</sup> See the Br. Parl. Papers, *China*, No. 2 (1904), Nos. 116, 75, 113, 115, 128, 129, 130.

<sup>2</sup> The dailies of Japan.

<sup>3</sup> The *Nichi-Ro Kōshō ni kwan su ru Ōfuku* (diplomatic correspondence respecting the negotiations between Japan and Russia), despatch No. 1, Foreign Minister Baron Komura to Minister Kurino at St. Petersburg. This correspondence was presented by the Japanese Government to the Houses of the Imperial Diet, and published in the *Kwampō* (Official Gazette) of March 24 and 27. An authoritative English translation has been issued from Washington. All the despatches were telegraphic.

<sup>4</sup> *Ibid.*, No. 2 and No. 3 received August 6.

at St. Petersburg had been largely overshadowed by the warlike faction. M. Witte was relieved of his Ministry of Finance, and Admiral Alexieff was, on August 13, appointed Viceroy of the Far East.<sup>1</sup>

The first Japanese note was handed to Count Lamsdorff on August 12, and contained the following six articles; these articles are memorable, as the later propositions never changed their more essential features: 1. Both powers to respect the independence and the territorial integrity of, and to maintain the principle of the equal opportunity for the commerce and industry of all nations in, China and Korea; 2. Russia to recognize Japan's preponderating interests in Korea, and Japan to recognize Russia's special interests in the railway enterprises in Manchuria; and each power to recognize the other's right to take necessary measures to protect its interests in the respective territory, subject, however, to the principles stated in Article 1; 3. Each power not to obstruct the development (within limits consistent with Article 1) of the economic activity, of Japan in Korea, and of Russia in Manchuria; and Russia not to impede the possible extension of the Korean railway into southern Manchuria, so as to connect it with the Manchurian and the Shanhaikwan-Niuchwang railways; 4. Each power to engage that, in case it should become necessary, in order to safeguard her interests, to despatch soldiers, Japan to Korea, or Russia to Manchuria, the number of troops should not be larger than necessary for the purpose, and they should be withdrawn as soon as the end should be accomplished; 5. Russia to recognize Japan's sole right, in the interest of reform and good government, to give advice and assistance, including necessary military support, to Korea; and 6. The present agreement to supersede all the previous Russo-Japanese Agreements regarding Korea.<sup>2</sup>

Before replying to this note, Russia suddenly demanded, on August 23, that negotiations should be conducted at Tokio instead of at St. Petersburg, as had been desired by Japan.<sup>3</sup>

<sup>1</sup> The Br. Parl. Papers, *China*, No. 2 (1904), Nos. 144, 154, 155.

<sup>2</sup> The *Nichi-Ro*, etc., Nos. 3, 4.

<sup>3</sup> *Ibid.*, No. 7. A repetition of the policy Russia once pursued regarding the negotiations with China about Port Arthur. See *China*, No. 1 (1898), Nos. 100 and 109.

Of the several reasons presented by Russia for this move, one was that the local knowledge of Viceroy Alexieff had constantly to be consulted. Japan pointed out that the proposed agreement concerned matters of principles, and not of local detail.<sup>1</sup> Japan's repeated request, however, to negotiate at the Russian capital was firmly refused by Russia, as was also the former's suggestion to make the Japanese note the basis for discussion.<sup>2</sup> Negotiations were therefore transferred to Tokio, and the Japanese note and the Russian counter-note together (the latter not yet received), were to serve as the base of the *pourparlers*.<sup>3</sup> More than two weeks had already been consumed over this question, while at the same time the Russian Minister at Peking was trying to force upon China a new Manchurian Convention postponing the evacuation and pledging China not to alienate or lease any portion of the territory to any other Power.<sup>4</sup>

After a delay of nearly eight weeks, Russia sent her counter-note, on October 3, which revealed the utter irreconcilability of the wishes of the two Powers. In her reply, Russia seriously reduced Japan's demands concerning Korea, and, in addition, requested Japan to promise not to use any part of the Korean territory for strategical purposes, not to fortify the southern coast, and to consider the territory north of the thirty-ninth parallel as neutral<sup>5</sup> between the two Powers. As regards Manchuria, Russia silently declined to discuss China's sovereignty over it, but, on the contrary, required Japan to declare Manchuria and its littoral as outside of her sphere of interest.<sup>6</sup> The general tenor of this note was to exclude Manchuria from discussion and, furthermore, to restrict Japan's influence in Korea. Russia explained that the question of Manchuria rested between herself and China, and she had no reason to make any arrangement about it with a third Power. To this, Japan replied that she had asked from Russia no concession of any kind in Manchuria, but only requested her to recognize anew the principles which

<sup>1</sup> The *Nichi-Ro*, etc., Nos. 8, 11.

<sup>2</sup> *Ibid.*, Nos. 10, 11.

<sup>3</sup> *Ibid.*, No. 14, September 7.

<sup>4</sup> The Br. Parl. Papers: *China*, No. 2 (1904), Nos. 147-154, 156, 160.

<sup>5</sup> Neutralization is a reverse of common appropriation. In the history of the Russian Empire both have frequently ended in absorption. See, for instance, the case of Primorsk and Sakhalien already mentioned.

<sup>6</sup> The *Nichi-Ro*, etc., No. 17.

she had repeatedly professed. Such a recognition, Japan contended, was of vital interest to her, inasmuch as the Russian occupation of Manchuria continually threatened the independence of Korea.<sup>1</sup> It was evident from Russia's counter-note that there lay an impassable gulf between the propositions of the two Powers, not only in the actual terms under discussion, but also in the principles involved in them, for, to all appearance, nothing could prove more clearly that Russia was bent upon absorbing and closing up all Manchuria, as well as marking out northern Korea as an eventual sphere of her influence, and that she was unwilling to recognize the vital importance to Japan of the independence, strength, and development of Korea.

The date fixed in the Agreement of April 8, 1902, for the final evacuation of Manchuria arrived five days after the Russian reply was received by Japan, but the day came and passed with no sign of the evacuation. On the contrary, the Russian Minister at Peking was engaged, regardless of the negotiations at Tokio between his Government and the Japanese, in urging Prince Ching to change the terms of the agreement, the last reported draft of his propositions being published on September 7.<sup>2</sup> Early in the morning of October 28, without warning and under a slight pretext, seven hundred and eighty Russian soldiers with eight cannon suddenly reoccupied Mukden, the sepulchral city of the reigning dynasty of China.<sup>3</sup>

Meanwhile, the Japanese statesmen again held conferences on the 13th and 24th of October, and agreed upon the "irreducible minimum," which was accordingly communicated to Baron Rosen, the Russian Minister at Tokio, on the 30th. This note<sup>4</sup> included several concessions on the part of Japan, including the creation of a neutral zone of fifty kilometers in extent on both sides of the Korean border, a railway extension only as far as the Yalu River, and the free passage of the Korean Straits. To this note, after a repeated application from Japan for a speedy answer,<sup>5</sup> Russia replied only on December 11, or more than forty days after the receipt of the Japanese note. This second reply<sup>6</sup> of

<sup>1</sup> The *Nichi-Ro*, etc., No. 20.

<sup>2</sup> See preceding page, note 4.

<sup>3</sup> The Japanese dailies. Also *China*, No. 2 (1904), Nos. 157, 159.

<sup>4</sup> The *Nichi-Ro*, etc., No. 22.

<sup>5</sup> *Ibid.*, Nos. 26, 27, 28, 29, 30, 32, 33.

<sup>6</sup> *Ibid.*, No. 34.

Russia was as much a reduction of her former concessions as was the second note of Japan an increase upon hers, for Russia was now entirely silent on the subject of Manchuria, and, regarding Korea, repeated the restrictions proposed in September, as if the second Japanese note had never reached her, besides refusing to recognize Japan's right to give Korea anything beyond mere advice for the reform of her civil administration. The possibility of a reconciliation of the views of the two Powers now appeared remoter than before.

After another meeting of the cabinet members and councillors on the 16th,<sup>1</sup> Baron Komura, the Foreign Minister, requested the Russian Government (December 21) to reconsider the situation, and again proposed the removal of the restriction regarding the use of Korean territory for strategical purposes, and the entire suppression of the neutral zone, so long as Russia would not agree to the creation of a similar zone on the Manchurian side of the Korean border.<sup>2</sup>

The reply of Russia to this note reached Tokio on January 6, 1904,<sup>3</sup> and here again, as in the first reply, the recognition by Japan of Manchuria and its coast as beyond her sphere of interest was insisted upon, while, as before, no mention was made of the territorial integrity of China in Manchuria. It should be noted, however, that Russia now agreed to insert a clause respecting the treaty-rights which Japan had acquired from China in regard to Manchuria, but only on the condition of maintaining the clauses on the neutral zone in Korea and the non-employment of any part of Korea for strategical purposes. Moreover, the treaty-rights of other Powers in Manchuria which Russia would respect, explicitly excluded those concerning the foreign settlements in the open ports,<sup>4</sup> thus again evincing her exclusive policy. Over and above these considerations, it should be remembered that, as has been pointed out by Baron Komura,<sup>5</sup> the treaty rights which China had accorded to other Powers could not be maintained, if her sovereignty in Manchuria,

<sup>1</sup> The Japanese papers.

<sup>2</sup> *Ibid.*, No. 35.

<sup>3</sup> *Ibid.*, No. 38.

<sup>4</sup> Also see *China*, No. 2 (1904), Nos. 133, 136, 139, 142.

<sup>5</sup> His statements to the journalists on Feb. 10 and at the lower House on Feb. 23.

the existence of which Russia declined to assure Japan that she would respect, should cease.

In a few days there took place an important event which made the Russian position untenable. The Chinese-American<sup>1</sup> and Chinese-Japanese<sup>2</sup> commercial treaties which had been concluded on October 8, 1903, the date appointed for the final evacuation of Manchuria, were ratified on January 11, 1904, the former opening to the world's trade Mukden and Antung, and the latter, Mukden and Tatung-kao, thus not only multiplying the treaty rights, including rights of foreign settlements, of Japan and the United States in Manchuria, but also forcibly reinstating the sovereign rights of the Chinese Empire in the territory, and directly reversing the exclusive claims of Russia therein. It will be recalled that Russia had recently seized Mukden, and had been strengthening her forces upon the Yalu, on which the other two new ports were situated.

Thus far notes and replies, exchanged three times within a period of five months, must have made the position of each negotiating Power perfectly clear to the other. No further discussion could possibly bring the two Governments nearer to the reconciliation of wishes so diametrically opposed. In the meantime, the Japanese people were suffering from enormous economic losses. A large part of their raw materials had ceased to come, the shipping and trade with northern China and Korea had declined, the fishing industry had been paralyzed, and, contrary to the tendency at normal times, the banks had been embarrassed with an over-abundance of funds.<sup>3</sup> On the other hand, Russia, while circulating the optimistic views of her Emperor and Foreign Minister, had sharpened her diplomacy at Seoul and Peking, and pushed on land and sea her vast warlike preparations in the East.<sup>4</sup>

<sup>1</sup>This treaty is found in the *Monthly Summary of the Commerce and Finance of the U. S.* for January, 1904.

<sup>2</sup>In the press and the *Kwampō* of that time.

<sup>3</sup>See the *Kwampō* for Feb. 1 (p. 5), 5 (pp. 110-114), 18 (p. 243), 20 (pp. 280-281); Mr. E. H. Vickers's letter in the *Evening Post*, March 1; Mr. Soyeda's address, in the *Kokumin*, Feb. 6; *ibid.* on the fisheries.

<sup>4</sup>According to the estimate of the Japanese Government, Russia despatched between April 8, 1903, and the outbreak of the war, 19 war vessels (82,415 tons) and 40,000 soldiers, besides 200,000 more who were about to be sent. See the *Kokumin*, March 3, 1904.

Even then the Japanese Government would not terminate its negotiations with Russia, for it was well aware that upon the conduct of these negotiations did the peace of the East depend. If the principles proposed by Japan were not accepted, the integrity of China would be threatened, and the independence of Korea, as well as the vital interest of Japan, would be profoundly endangered; thus the entire future of the Far East would be plunged into unknown perils. Under these circumstances, it seemed that Japan owed to the world as much of patience as she owed to herself of determination. The situation was gravely discussed by the statesmen on the 11th, and before the Throne again on the 12th.<sup>1</sup> On the next day, January 13, now for the fourth time, and against the wishes of the majority of the people, the Government of Tokio reminded Russia of the serious position in which the two Powers found themselves, and begged her to reconsider the situation.<sup>2</sup>

An early reply was urged at least four times,<sup>3</sup> but, even so late as February 1, Count Lamsdorff declined even to name the date on which his reply would be given;<sup>4</sup> and, indeed, the reply<sup>5</sup> which was being formed was found later to have contained substantially the same points as the three previous replies, which had been repeatedly and unequivocally demonstrated to be entirely unacceptable to Japan. Just at this time the activity of the Russian forces in the East seemed to have been accelerated: on January 21, numbers of infantry and artillery left Port Arthur and Dalny for the Korean frontier, soon to be followed by contingents from Liao-yang; on the 28th, Viceroy Alexieff ordered the troops on the Yalu to be placed upon a war footing; on February 1, the commander of Vladivostock warned the Japanese commercial agent to prepare for withdrawing his compatriots to Habarofsk, as he had received instructions from his Government and was to proclaim martial law at any time; and, on the 3d, all the war vessels

<sup>1</sup> The Japanese dailies.

<sup>3</sup> The *Nichi-Ro*, etc., No. 39.

<sup>2</sup> *Ibid.*, Nos. 40, 42, 44, 46.

<sup>4</sup> *Ibid.*, No. 47.

<sup>5</sup> *Ibid.*, No. 50. Mr. Kurino's note (No. 50) containing the probable contents of the reply reached Tokio three hours and a quarter after the notes severing relations had been sent.

located at Port Arthur, excepting one, steamed out of the harbor.<sup>1</sup>

It was now considered by the Japanese Government that the critical point had been reached. On February 5, at 2 P. M., two notes were telegraphed to Mr. Kurino at St. Petersburg, the one<sup>2</sup> communicating Japan's decision to break off negotiations which had not been met with proper consideration and had become useless, and to reserve to herself the right to pursue an independent course of action, in order to safeguard her interests and rights and to protect her position as threatened by Russia; and the other<sup>3</sup> stating that Japan had been obliged to sever her now valueless diplomatic relations with the Russian Government. These notes were transmitted by the Japanese Minister to Count Lamsdorff on February 6, at 4 P. M. The first naval engagement took place at Chemulpo two days later, followed by the naval battle at Port Arthur in the night of February 8-9, and, on the 10th, war was formally declared<sup>1</sup> by the Emperors of both Powers.

No sooner had the war broken out than the Japanese Government notified other Powers, on February 9th, that it had advised the Chinese Government to observe a strict neutrality during hostilities. This was followed, on the 12th, by the circular note of Secretary Hay, urging on the Powers the advisability of respecting the neutrality and the administrative entity of China. On the 17th, Baron Komura declared to the Chinese Minister at Tokio that Japan would not in any manner, as a result of the war, infringe the sovereign rights and the territorial integrity of the Chinese Empire in Manchuria.<sup>5</sup> Ten days later appeared the Korean-Japanese Agreement concluded on the 23d, whereby Japan promised to uphold the independence and the territorial integrity of the Korean Empire.<sup>6</sup>

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<sup>1</sup> The reply of the Japanese Government to the Russian charge that Japan had broken peace and taken Russia by surprise. The *Kokumin*, March 3.

<sup>2</sup> The *Nichi-Ro*, etc., No. 48.

<sup>3</sup> *Ibid.*, No. 49.

<sup>4</sup> The *Kwampō* (The Official Gazette of Japan), Feb. 10, 1904, extra.

The Russian Declaration is found in the daily papers of February 11.

<sup>5</sup> *Ibid.*, Feb. 29, 1904.

<sup>6</sup> See the May number, 1904, of this REVIEW, p. 45, note 1.



## DEMOCRACY IN AUSTRALASIA.

THE discovery of radium threatens to overthrow some of the most accepted axioms of physics, and the legislative history of the British colonies at the Antipodes promises to give the lie to one of the best established laws of social evolution. No generalisation seemed more secure than that which assumed that colonies are the offspring of the Motherland and inferred that, in virtue of that fact, they must pass through all its stages of growth. Yet far away in the South Seas lies a group of communities, insignificant in population (hardly exceeding four millions), but inhabiting an area (much of it a desert, it is true) not greatly less in extent than that of the United States. After repeating the development of the Mother-country in all essential features, these young countries, all of a sudden, it would appear, have broken off at a tangent and are now describing a path at an angle to their former course. Having for forty years or more borrowed and adapted, with some necessary modifications, the laws and institutions of Great Britain, they have linked themselves, for a decade past, to the evolution of the peoples of Continental Europe, and are now adopting the institutions, the laws, and the projects of laws existing or only broached in Germany, Denmark and France.

With a good deal that is true in this account of recent Australasian history, there is in it much that is illusory. The fact is that these communities, like all colonies, broke away from the curve described by the Motherland as soon as they got fairly planted down in their new environment. Through the action either of the Home Government or the local Government, or of the colonising societies that sent them out, most of these colonies were semi-socialist from the start. Immigration, survey and settlement, the making of roads and bridges, harbours and railways, reclamations and embankments, acclimatisation of plants, fishes, birds and mammals, education in all its grades, hospitals and asylums have been successively taken up by the various Australasian Governments long before there was any word of

Socialism in these colonies. Vast areas of public lands had also been kept in the hands of the state and leased before *Progress and Poverty* came to accelerate the nationalisation of the soil. The breach of continuity which even leading colonial politicians discern in their recent legislation is therefore an illusion.<sup>1</sup> The so-called Socialist movement is no other than an impulse of popular expansion flooding all the avenues of the state, animating all its organs with its own life, and manipulating all its agencies for collective ends. After running its course in part in the legislatures of the States, it has been diverted to the Commonwealth, and within the more limited functions of the wider, but less developed, organism it is exhibiting the same characteristics.

#### A CONSTITUTIONAL INNOVATION.

The drift of democratic opinion in both Australia and New Zealand is unmistakably in favor of a single legislative chamber. Let the second chamber be constituted as it may—by a restricted suffrage and a property qualification on the part of candidates, as in Victoria and Tasmania, or by larger constituencies without restrictions, as in South Australia, or by nomination on the part of the ministry for life, as in New South Wales, or for seven years, as in New Zealand—it invariably proves conservative, at least in comparison with the popular chamber. All of the legislative measures that have attracted universal attention have been opposed by the second chamber in the various colonies, and had it not been overawed, or swamped by new appointments, or of itself perceived the futility of resistance, it would have indefinitely resisted their passing. It delays, amends or transforms the measures that are still being introduced. No wonder, then, that the all-powerful Premier of New Zealand, who under the forms of parliamentary government has ruled that colony for ten years as Bismarck ruled Germany, lately threatened to table a motion for the abolition of the Legislative Council, or that the Labor Party everywhere calls for its abolition. Mean-

<sup>1</sup>The Acts that had been passed had effected "an absolute break in the discipline of public life," and "had made Australia the laughing-stock of the whole civilized world."—Sir W. McMillan at Sydney, November 16, 1903.

while, the experiment made by the Commonwealth in the constitution of a second chamber is worthy of notice. The mode of election to it is original and unique. Some twenty years ago Sir Frederick Whitaker, then Premier of New Zealand, proposed that the legislative councillors of that colony should be elected by the North Island voting collectively and by the South Island also voting collectively. With the omission of the mistaken detail that seemed to pit the philo-Maori South Island against the anti-Maori North Island, thus creating a schism in the public life of the colony, that is the principle that has been adopted in the Commonwealth. All the citizens of each State vote for all of the six senators elected by that state. Each senator then represents the whole State, while in the United States he represents the State legislature, in New Zealand the Ministry or at best the province he resides in, and (say) in Victoria a limited constituency. Is not this innovation a real constitutional advance? Having no sectional interests to consult, the senator can legislate for the benefit of the whole state. He will be concerned for principles, while his brother in the House will devote himself more to the details of measures. But neither does the senator neglect the details. During the prolonged conflict over the customs' tariff, the Australian Senate, where free-trade members are in a majority, powerfully aided the free-trade minority of the House in reducing the customs' tariff proposed by a protectionist Ministry. In theory, the Senate can only recommend and not make amendments in money bills, but this time its "recommendations" were largely adopted. That the tariff is not very highly protective is in a good degree owing to the Senate.

So far, therefore, and indeed in all other ways, the innovation has been a success. The senators elected have been, in the main, of a superior character, and the proceedings of the Senate have usually been grave and dignified. The one serious drawback to the smooth working of the provision is the magnitude of the constituencies. The smallest of the Australian States, Tasmania, is one-third as large as England and Wales, which Victoria equals in extent, while New South Wales is from three to four times as large as Victoria. Queensland is as extensive as Eng-

land, France, and Italy together, and mammoth Western Australia has a single constituency (that of the gold fields) as extensive as all New South Wales. If it is impossible for a candidate to bribe or corrupt constituencies of such dimensions, it is hard for him to canvass, to address, or adequately to visit them. A large area of the State must take him on trust. Yet if it is a drawback, this is also an advantage. Only conspicuous talent or acknowledged public services are sure of recognition.

#### PROPORTIONAL REPRESENTATION.

For the same reason that mass voting has proved a success, a method of voting that magnifies the individual has failed to meet with much acceptance. The Hare system of proportional representation, whose distinction is that it allows no votes to be lost, was raised to a transient importance in England by the eminence of its chief advocate in the press and its solitary advocate in the House of Commons. The cause was fortunate that had such an exponent as Mill. Lord Salisbury (then Lord Cranborne) paid homage to the philosopher, but doubtless expressed a general feeling when he said that the proposals belonged to another atmosphere than that of the British Parliament. After lying torpid for a generation, the system emigrated to Australia. There it was taken up and popularised by a distinguished lady, Miss C. H. Spence, of Adelaide. In 1886 a bill embodying its provisions was introduced into the New Zealand Legislature, and was supported by the veteran statesman already named, Sir F. Whitaker, but was still-born. The method was adopted in Tasmania, at least for the two chief towns, Hobart and Launceston. The verdict on its working there is dubious. A late Premier of the State, Sir Neil Lewis, asserted its success, and professed that there was no thought of abandoning it, but others, Tasmanian senators of the Commonwealth, have alleged that it has failed. The damning accusation against it is that the voter does not know what becomes of his vote. In 1900, on the eve of the inauguration of the Commonwealth, Miss Spence arrived in Sydney to advocate its adoption in the impending elections to the Federal Parliament. Septuagenarian as she was, she

showed no lack of energy, and evening after evening she lucidly expounded the principles of the scheme to audiences in Sydney and New South Wales, while a lady-companion gave a practical exemplification of its working. At one of her meetings the Attorney-General of New South Wales avowed himself a convert and undertook to recommend it for the State elections. In 1902 it was again embodied as a bill and brought before the Federal Senate. After an animated debate the bill was lost. The apparent, but not real, complexity of the mode of voting scares most people away, and in an age when (as Dr. Gustave le Bon contends) *la foule* reigns, no more fatal objection could be alleged. Its manifest equity—an equity deeper than ethics—commends it to the thinker, and it has everywhere gained the adhesion of the *élite*. Milton's *Lycidas* has been said to be a test of poetical sensibility; proportional representation may perhaps be taken as a touchstone of mental subtlety.

#### WOMANHOOD SUFFRAGE.

Australasia was not the first to introduce female suffrage, but elsewhere it remains an anomaly; in New Zealand it has passed, and in Australia it is rapidly passing, into the structure of the constitution. In New Zealand it has been in operation for ten years, and has lived tranquilly through four general elections. It has become law successively in South Australia, Western Australia, New South Wales, and Victoria; and the two laggard States (little Tasmania and big Queensland) will be driven to adopt it by very shame. In 1902 it was enacted by the Commonwealth almost as a matter of course, and in a manner very different to the grudging assent of the States, and it was for the first time brought into operation at the general elections of December last. No revolution, for it amounts to that, had ever less the aspect of a revolution. Mother and daughter will quietly walk out of the house late in the afternoon to record their votes, as if they were doing the most natural thing in the world. Disorders there are practically none. On a single occasion—the New Zealand elections of 1896—and in a single city—the seat of Government at Wellington—when the temperance reformers

were pushing their nostrum with more earnestness than discretion, and the whole liquor interest perceived that its existence was at stake, Bishop Doane's vaticinations were partly fulfilled. A few women of questionable character were placed on the rolls and driven to the polls, where they not only voted themselves, but endeavoured to prevent respectable women from voting. A certain kind of intimidation has not been wanting. Infuriated by the prohibitionists, Boniface enrolled his man-servant and his maid-servant, as he would have entered at a show his ox and his ass, and when the polling-day arrived, he drove them forth to vote—they well knew, for whom. A bibulous householder, who "does not want to let the temperance people have it all their own way," will dispatch wife and maid on the same errand. It is degrading; but do the advocates of high causes always refrain from the same kind of immoral suasion? I have heard a Lancashire cotton-spinner, an intellectual Liberal and a sincerely religious man to boot, unblushingly avow that, when he found his workmen oscillating between one side or one candidate and another, he brought pressure to bear on the vacillators. It was argumentative in form; but what kind of a syllogism is that where authority furnishes the major premise?

The Commonwealth of Australia has gone a step or a stride further than giving women the franchise. It permits them to be elected senators and representatives, and they have not been slack in claiming the new status. Wednesday, December the sixteenth last, was a great day for the women of Australia. From the tropic of Capricorn and the neighbourhood of New Guinea to King George's Sound they then voted in mass. On all hands there were mere eulogies for the way they exercised their right. "Quiet and well-considered" was the verdict of some returning officers. In New South Wales theirs was described as "the heaviest, the best-considered, and the most conscientious" of the entire national vote. There also, and there alone, three women of keen intelligence and strong character stood as candidates—two for the Senate and one for the House. None was elected, because all were left out by party exigencies; but they polled respectably. Their time will come.

## THE REFERENDUM.

As modes of voting are in question, it may be permitted to pass for a moment (indeed, we have already passed) to the legislation of the States, which invariably leads the way to the legislation of the Commonwealth. The referendum is no new thing at the Antipodes. A good many years ago Miss Spence published in the *Contemporary Review* an article showing that the Swiss or primitive Teutonic institution had emigrated to Australia and had grown there to considerable proportions. It is another example of the increasing predominance of the collective action, and it promises to play an ever larger part in the public life of these colonies. Whether from the cowardice of ministries that dread equally to estrange their parliamentary supporters by proposing measures of reform and to alienate the electors by refusing to propose them, or from an honest desire to ascertain the mind of the colony on certain questions and an honest intention of giving effect to it, several direct references to the whole body of the people have been made within the last few years. Queensland thus failed to settle—for the result was vitiated by some inadvertence in making the reference—the much agitated question of religious instruction in schools. The Ministry of New South Wales thus proposed to ascertain whether the women of that State desired to be granted the suffrage, and the same State, in December last, thus decided that the number of members in the Legislative Assembly should be reduced, and by what proportion. In New Zealand the long and fiercely debated question of temperance was thus resolved. In October last Mr. Seddon vainly attempted to induce the Legislative Council to agree to its own possible extinction by passing a bill referring the matter to the electors. A year ago he introduced a bill making the referendum in general an organ of government, but failed to carry it. Never have the colonial Governments been more despotic, and yet never have they more often directly appealed to the electors. One form of appeal, it may be noted, seems to be disappearing from colonial public life. *Ad captandum* dissolutions of parliament, desperately snatched at by drowning Ministers, have sunk out of sight with those who unwisely had recourse to them. Three refusals to grant a dis-

solution, made by the Governors of New South Wales, South Australia, and Western Australia, have thrown a just discredit on the revolutionary procedure.

#### IMMIGRATION.

The greater part of the legislation of the young Commonwealth has been constitutive and has been concerned in providing it with the necessary organs. Only two other topics of any moment have occupied its deliberations. It built up a paper wall all round Australia with the object of excluding undesirable immigrants, and it devised a scheme of inter-State industrial arbitration. The scheme came to naught, being wrecked on a sunken rock lying between the States and the Commonwealth, but it will be lifted, and we shall hear of it again. The Chinese wall still stands intact, ugly and menacing. Like other Commonwealth legislation, actual or prospective, this particular measure was nursed and cradled, though not reared to maturity, in the States. Senator Conkling was possibly its remote begetter, but not till 1895 did it come to the birth. In that year the then Minister of Labor in New Zealand, the original author of most of the colonial Socialist legislation, introduced a bill requiring that every immigrant into New Zealand should possess a sum of £20 and should be medically certified to be in good health. All other immigrants were to be carried back to the port whence they came by the shipping company that brought them, and such company was to be held liable for the whole future maintenance of any person who, within twelve months, should become chargeable to the colony. The bill raised a general outcry. The Premier of the Colony took strong ground against it. He who is now a "statesman of the Empire" and an imperial personage, but was at one time the driver of a locomotive, declared that when he landed in New Zealand, he did not himself possess £20. The bill was killed by ridicule.

The Commonwealth Act restricting immigration is by no means as drastic in one way, but is still more stringent in another. It enacts that no assisted immigrants shall be allowed to land. The object of the provision is to prevent the flooding of the labor market by indentured hands. The design was perhaps com-



mendable, but its incidence proved scandalous. Soon after the Act was passed, an Australian, inspired with the laudable purpose of establishing in Australia the industry of hat-making, imported six hatters from England, paying for their passage. In terms of the Act they were stopped at Freemantle, the first port of call, and refused permission to proceed. A tremendous hubbub ensued. All England stood astonished and almost speechless (for the newspapers said little, though they meant much), and the well-conducted Australian press, to its credit, was loud in condemnation. For days and weeks the six hatters were as famous as the three tailors of Tooley Street. The commotion put spectacles on the eyes of the Commonwealth Government, which discovered a clause in the Act permitting experts to be admitted, even if imported. It appears that, had the importer applied for a certificate of exemption, there would have been no hitch. But the mischief had been done. It left a deep wound in the minds of the distressed old Motherland that still rankles. That an Australian colony should exclude her sons from a land that belonged as much to England as to the Australians was a grief that lay too deep for tears. It had been the opinion of some eminent men, such as John Stuart Mill and Edward Gibbon Wakefield, that the extensive waste lands of Australia ought not to be absolutely handed over to the colonies at the time when these were being granted responsible government, but should be kept in the hands of the Mother-country for the promotion of emigration. They were overruled, and this was the reward of the too-confiding Motherland. Gratitude is a still rarer virtue in peoples than in individuals. Austria found Prussia ungrateful after her refusal to enter Berlin in 1850; France was pained by the ingratitude of Italy after 1859; and Russia is still astonished at Prussia's forgetfulness of 1870. It is the way of the world among nations, as among men.

What made the indignation keener was the reflection that the unfeeling Act had been passed at the dictation of a small body of members of the Federal House of Representatives, called the Labor Party. That party, comprising one-fifth of the representation, holds the balance of power both in the House and in the Senate and, voting solidly, is able to control legislation. In order

to exclude foreigners and colored races, an educational test was adopted. An immigrant must be able to read a passage in a language chosen by the examiners. By an obvious manipulation of such a clause any foreigner or any individual can manifestly be excluded from Australia.

The exclusion of colored races by force of the same educational test stands on a very different footing. Alien races cannot live side by side without miscegenation, and the verdict of science on miscegenation is irreversible. A race is kept at its existing level by the unintermitted action of natural selection. Let *its* incessant scrutiny be for a moment relaxed and atavism at once sets in. What havoc the mixture of unlike races may work was seen in French Canada and is witnessed in South America. What benefits the mixture of allied varieties may yield is seen in North America, Australia, and New Zealand. But the race-problem is the problem of the Sphinx in Northern Australia. There, in the towns of North Queensland, the "Eastern quarter" is rather the Eastern three-quarters. Polynesian and Melanesian, Jap, Chinese and Malay, swarm as in a natural habitat. What shall be done with them? The answer is: "we want a White Australia!" Medical evidence of all sorts, the facts of daily observation, and the testimony of one's own eyes combine with all the probabilities of the case to demonstrate that the white man cannot live and multiply in the Australian tropics. No matter. The same all-powerful torso of a legislature that drives away from Australian shores the poverty-stricken Englishman and the undesirable foreigner has decreed that colored labor in Australia shall come to an end. The Kanaka, who has for many years tilled the canefields of Queensland, is doomed. The importation of Melanesians is to be tapered off during 1904-5, and in 1906 those that are left are to be returned to the New Hebrides or whencesoever they were brought. But the sugar-industry will perish? Mr. Toot's stereotyped remark is the only reply. The profession of the Labor Party is lofty—the importation of Kanakas is slavery, and there shall be no slavery in free Australia. At the same time, its motive shows itself naked and unashamed in the avowal of its leader that the expulsion of colored labor will provide scope for white labor. *A la bonne heure!* The

white laborers who will work in the canebrakes of Northern Queensland will deserve commiseration, which will be still more needed by their suffering wives and rickety children.

The practical operation of the Act has thrown up incidents where comedy and tragedy are blended. A band of Maoris was imported from New Zealand by an enterprising Barnum to exhibit their war-dances, hakas, and native sports. They were at once arrested and were released only on the showman's making a promise that the brownskins should be returned to the land of the moa when their engagement expired.—The Sultan of Johore arrived in Australia on a visit. Being a gentleman of color, he was placed under surveillance, which was removed only when he pledged his word that he intended to leave Australia Felix.—The slightly colored mate of a German ship (he had an Egyptian mother) was convicted of smuggling and was imprisoned. As soon as he was discharged, he was arrested (in December last) at the gates of the prison as a prohibited immigrant, though he did not immigrate and all that he wanted was to get well away. They applied the education test. The mate was willing to be examined in German, French, or English, all of which he spoke fluently; but the Custom house decided that he should be examined in Greek (would the limb of the law have detected a mis-translation?); and he had to go back to prison.—A few days afterwards a barque manned by white officers and a colored crew was wrecked on the hospitable shores of Australia. Were the shipwrecked mariners allowed to land? Oh, no! That would have been to pollute the sacred soil. They were secured and placed on board of a tug, where (it was officially intimated) they "were being watched."—The last two incidents sent a thrill of indignation and disgust through all Australia.

#### THE LASCAR PROBLEM.

Not only Australia, but the avenues to Australia, are to be strictly guarded against the very approach of all tints or shades of skin other than the orthodox white. At least one fleet of the large steamers that carry the mails between Australia and England has been in part manned (at the stokeholes) by Lascars or

coolies. The Labor Party has set its face against their further employment. As the Commonwealth subsidises the mail-boats, it is in a position to impose its own conditions. At the dictation of the party, it has intimated that it will in future subsidise no steamers that employ colored labor. The Imperial Government uncompromisingly refused to be a party to the prohibition, as indeed it could not have done otherwise without turning its back on its own dominions, which are inhabited by at least two hundred and sixty millions of populations tinged or darkened by the incriminated shades. It even reproached the Commonwealth Government with divorcing itself from the rest of the Empire. The steamship companies remonstrated. The Orient Company alleged that for five and twenty years it had struggled with mutinous and drunken stokers, who were the waifs and strays of mankind, because no others could be procured. No one who has passed through the tropics on board ship can be under any illusions about the awful conditions of labor there. The stokehole of a big steamer in the Red Sea is not a place to which a kind-hearted man would send his "worst enemy." The effects are demoralising. The firemen are rather candidates for humanity than human beings. In their interests, as well as in those of the companies and the passengers, for the steamers have often been placed in jeopardy, the ruinous practice, it was argued, should be discontinued. The Labor Party and the Commonwealth Government refused to listen, and as the companies also refuse to yield, the mail steamers will travel no further than Ceylon. The problem could easily be solved. Would the conservative English shipping companies only adopt from the Caspian and New York, from San Francisco and (it may be added) from Sydney the method of fuelling their steamships with petroleum, all difficulties would vanish. The solution is one that should commend itself to (what Mr. Rhodes cynically called) "John Bull's unctuous rectitude!"

#### A NAVIGATION LAW.

Though the inter-State Industrial Arbitration Bill fell to the ground, it was by no means a *brutum fulmen*. The author of it, the late Minister of Customs, is a man who, like Mordaunt in

the Pirate, "never jests," and to whom life, or at least political life, is a grim reality. Like Mr. Henry Labouchere, he is a Radical "stalwart," and, though belonging to the professional classes, he has in virtue of some latent Turanian affinity taken up with the masses and espoused their hydra-headed cause. The bill was framed on bold and in part original lines. Relating mainly to the maritime traffic, it created a Court of Industrial Arbitration having jurisdiction over the entire Commonwealth. Within its purview fell shipping of every description that touched at any Australian port. Not only Australian shipping, not only British shipping, but ships of every nationality—American, German, French, Japanese, and what not, were made subject to the orders of the court, and would be compelled to pay the wages it fixed, and comply with all the conditions it annexed to maritime labor. The bill did not stop even there. In order to prevent British and foreign shipping from competing advantageously with Australian shipping, it gave the court control of foreign shipping as far as the last or first port of call. From Honolulu or, more probably, from Tonga for all American steamers; from Colombo, in Ceylon, for steamers coming from England; from Singapore, from Capetown, or from Rio, all craft will be under the jurisdiction of the Australian Federal Court of Arbitration; over that space they will be required to pay Australian rates of wages and observe the rules prescribed for Australian shipping in Australian waters. It is manifestly a Strafford-like piece of legislation, with "thorough" for its watchword, and yet it is not quite novel. For many years the mail steamers have been obliged to pay Australian rates of wages on the passage from Australia back to England, while they pay only the lower English rates on the voyage from England to Australia.

How will the shipping companies of the United States take it? An example is in point. In November last an American ship arrived at Sydney with a cargo. The captain refused to pay the local lumpers at the Australian rate for the Australian working-day of eight hours. Unable to procure labor on his own terms, he decided to discharge by his own men, who put the cargo in lighters. The Lumpers' Union then applied to the

Court of Arbitration for an injunction. The captain, summoned before the court, contemptuously tore the summons into shreds. Ultimately, he consented to appear, and he was then fined £50 for breach of the award previously made for all such cases—that is, for breach of the law. A British dependency will always be able to enforce its own laws in its own waters. Whether it will succeed in enforcing its laws over thousands of miles of foreign seas is another matter. One cannot help remembering that an older Navigation Act gave rise to an Anglo-American war.

All danger of foreign complications is, at least for the present, at an end. It was discovered that the provisions of the inter-State Arbitration Bill relating to foreign shipping would have to form part of a Navigation Act, and the top-hammer that threatened its stability was jettisoned. But only for a time. The peccant clauses will be brought forward as an independent bill in 1904. The only immediate result was personal. The author of the bill was too deeply committed to the principles embodied in it to sacrifice them to a legal scruple. In a few rugged sentences, thrown down like blocks of unhewn granite, Charles Cameron Kingston yielded up the office he had administered with an iron hand, and thus possibly ensured in the near future the triumph of the cause that lay so close to his heart.

#### INDUSTRIAL ARBITRATION.

The inter-State Arbitration Bill leads us back to the Arbitration Acts now in force in three States of the Commonwealth and in the colony of New Zealand. The New Zealand Act, the mother-Act of the various Australian Acts and a masterpiece of constructive legislation worthy of Edward Livingston or Fitzjames Stephen, is too well-known to need recapitulation, but the evolution it has undergone must be briefly described. In New South Wales the subject was taken up by the Attorney-General, Mr. Bernhard Ringrose Wise, one of the most instructed public men in all Australia, who had long identified himself with industrial arbitration and had at one time imperilled his practice by his premature advocacy of it. The chief additions that he reared on the New Zealand basis were two: 1. A preference in favor of labor unions and unionists is made a part of the statute law.

The new provision may not seem to be much of a development, and, in fact, it had already been accomplished in New Zealand by judicial decision. The judge of the Supreme Court there detailed to act as judge of the Court of Arbitration decided that members of industrial unions were entitled to be preferred to non-unionists in the granting of employment. The decision was appealed against, but was upheld by the full court. "However contrary it may be deemed to natural justice," said the Chief Justice, "such is the law, and the law must be obeyed." The whole drift and scope and the very soul of the act lie in the consecration (as the French would phrase it) given to unionism. The act knows of industrial unions, and it knows of nought else. For it individuals do not exist, and the heart of Anglo-Saxondom has been cut out by statute. The New South Wales Act (and possibly the amended New Zealand Act of 1900) makes the latent preference patent. The individual does not disappear; he is by Act of Parliament abolished. Mr. Wise expressly avowed that one main object of the Act was to drive all workmen into unions. In all issues tried before the court the unionist workman is directed to be favored; and in the administration of the Act a preference has been systematically given. The court seems even to strain the act in this direction. It not only accepts the instruction given in the section specially relating to this matter, but it interprets an earlier section to mean that "the court has power to direct that a non-unionist seeking employment shall, as a condition precedent to his obtaining it, agree to join the union within a specified time after his engagement."<sup>1</sup> Even with this powerful agency bringing constant pressure to bear in their favor, and though the trades and labor councils systematically organize the workers, the Employers' Federation in New Zealand alleges that five-sevenths of the factory operatives there are members of no industrial union. In New South Wales about one-half of the workers in the metropolis are believed to be enrolled in the unions, while in the rural districts the non-unionists must be far more numerous. The system would thus seem to have

<sup>1</sup> The Industrial Arbitration Reports and Records, New South Wales, i. 85. The official reports are a storehouse of information on the working of the Act. One number was issued in 1902 and four in 1903. They are published by the Government Printer, Sydney, and cost five shillings each.

failed in attaining its primary object in the country of its birth, and not to have quite succeeded in the chief country of its adoption.

2. The court of its own motion, or on the application of either party to a suit, may make an award in any case, or an industrial agreement between masters and men in any industry, a "common rule" for that industry throughout the State or in a defined district. The object of the common rule, says the President of the Court of Arbitration in New South Wales, is—

"to compel all competing employers in the same industry to observe the same conditions, and not to leave it optional with any to do so. To permit the option," he adds, "might lead to injustice, and enable the clothing manufacturer" (the application was in connection with a tailoring award) "not bound by the common rule, though for the time paying the higher minimum wage, to afterwards lower it and successfully compete with the master tailors who are compelled to pay the higher minimum."<sup>1</sup>

Permanence of employment and universality of conditions—continuity and catholicity—are the basic principles of the Act, less as it was drafted than as it is being administered. How its administration is oversetting all the old and creating new conditions in every department of industry might furnish material for a treatise.

#### OLD-AGE PENSIONS.

The wonderfully perfected scheme of old-age pensions set on foot by three of these bold young communities would also supply matter for an article or a volume. A single point can here be noted. We are already in a position to measure the curvature of the parabola described by old-age pensions in common with all other sociological phenomena. Such pensions came into operation in New Zealand in 1898. The amount paid on account of them gradually increased with the yearly increase of pensioners. In 1903, for the first time, the diminution of the pension-roll by the death of old pensioners exceeded its enlargement by the addition of new pensioners. In five years the curve reached its apex. For young countries at least, a lustrum therefore measures the extent of the burden laid on the tax-payers.

<sup>1</sup> *The Sydney Morning Herald*, December 19, 1903.



## RAILWAY LEGISLATION.

The Americans are sometimes suspected of being a railroad-ridden people. Will they consent to be instructed by the example of an Australian State that is determined to stand no nonsense at the hands of railway monopolists? In most of the Australian colonies the railways have either been built or since been acquired by the Government. It is otherwise in Western Australia. There several of the largest railways are owned by a company of old standing. To deal with it a Railway Traffic Bill was last session introduced into the Legislative Assembly. The following is a condensed account of its provisions:—

"It was framed with the view of placing in the hands of the Minister for Railways power to have privately owned railways and tramways opened for the reasonable needs and convenience of persons desiring to use them, and to assist in settlement and the development of lands through which they passed. The bill stipulates that every railway company shall afford reasonable traffic facilities, and it provides that any person may lodge a complaint with the Minister for Railways against any company not doing so, upon which the Minister may serve the company with notice requiring the facilities to be afforded within a certain time. The Bill also provides that the Minister may, without the lodging of a complaint, serve notice himself if he be of opinion that reasonable facilities are not being given by any company. The latter will have to obey the notice of the Minister or give notice of objection, upon which the Minister may by agreement with the company modify the original requirements. In the event of the parties failing to agree, the matter shall be referred to a board of arbitration. The engineer-in-chief is to be satisfied with the condition of the company's plant, and can direct the company not to use certain rolling stock, and can order any repairs, while the Minister may order the erection of proper crossings or gates. In the event of non-compliance with the orders, the company may be fined £100 per day for each day the default continues, and the railway may be closed by order of the Minister, who may also, with the consent of Parliament, 'any time after twenty-one years from the construction of the railway require a company to sell and at the end of six months the company shall sell upon a valuation to be determined by the board of arbitration, and not to exceed the actual cost with one-tenth added for compulsory purchase.'"<sup>1</sup>

The bill excited intense indignation in London, where the Midland Railway Company of Western Australia has its headquarters. When it had passed its second reading and got into committee, the company appealed to the Secretary for the Colonies, inviting him to refuse to give the royal assent to the

<sup>1</sup> *The Sydney Morning Herald*, December 12, 1903.

bill, and also apparently to a sister bill, the Mining Bill, both of which, they alleged, were tantamount to the confiscation of their property. Under a system that is too well known in the United States, and is now condemned at the Antipodes, the company had been granted large tracts of land, on which mines have been found, in order to build the railways. Can an honest company not do what it will with its own? Not in Australia, at all events. If the bill was dropped as the Christmas recess (Australia's chief holiday season) approached, it will be brought forward again, and, in spite of the protests of the company, it will in all probability be passed into law.

#### PREFERENTIAL TARIFFS AND IMPERIAL FEDERATION.

Laying the foundations of the greatest dominion the world had then seen, Augustus framed a customs' tariff, which that peculiar free-trader, Nero, would one day seek to repeal. Endeavoring to convert the mechanical aggregation or sentimental cohesion of a still wider dominion into an organic union, Mr. Chamberlain likewise perceives the necessity of a Zollverein that shall be co-extensive with the Empire. Gibbon assumes from some observations of Pliny that "the productions raised or manufactured by the labor of the subjects of the empire were treated with more indulgence than was shown to the pernicious, or at least unpopular, commerce of Arabia and India." The new British scheme devises a commercial empire on the footing of Fichte's "closed state"—friendly, and yet not too friendly, to its constituent members and hostile to all the world beside. The persecuting but reforming Emperor found the Senate intractable, and the reactionary minister finds Parliament so far refractory. The peculiar feature of the British Empire, and the chief obstacle to a customs' union, is that its self-governing colonies were many years ago granted leave by the indulgent Motherland to tax imports from the United Kingdom as heavily as they tax imports from foreign countries, and they have used it unsparingly. What response do they make to Mr. Chamberlain's offer to levy discriminating duties on foreign produce entering England, so as to allow colonial produce to command the English market?

Australia has still to reply; the Prime Minister states that he awaits definite proposals on the part of Mr. Chamberlain; but the answer cannot be doubtful. The Australian Commonwealth is in no position to reduce the high duties she levies on imports from the United Kingdom, because it is from that source that her chief revenue is derived. At best, she will levy higher duties on foreign (including American) imports. The Premier of New Zealand has not waited to receive Mr. Chamberlain's proposals. He has abandoned the ground he first took up, when he designed a rebate on the duties levied on English imports, and the abandonment has been keenly noted in the Mother-country. In the last days of the expiring session he rushed through the legislature a Preferential and Reciprocal Trade Bill that closely concerns Americans because it is unmistakably levelled against imports from the United States. 1. Indian tea is admitted to New Zealand duty-free. 2. Foreign cement must pay a double duty. 3. About a score of articles are to pay one-half more in the way of duty. Boots and shoes and hardware are the chief, and they are imported from the United States. Some of these will still be imported from the United States, and the colonial consumer will have to pay 10 per cent. more for them than he at present pays. Others will now be imported from England, but the value of the trade thus diverted from the United States to the Motherland is estimated not to exceed a quarter of a million sterling. We are irresistibly reminded of the humorous African bishop who, when an imperial edict enjoined that the Christians should commit to the flames their sacred books, joyfully made a holocaust of the heretical treatises of his enemies, the Donatists. The New Zealand preferential tariff will not greatly aid the Mother-country, but it will injure a rival state.

Yet it is difficult even for those who have strong American affinities to feel much sympathy with the friendly country that is chiefly and will be still more affected. Americans are known to be lovers of free speech. Will they pardon an alien for saying frankly that in this low but all-embracing department of national life the great republic has been (as Gladstone truly called Disraeli) "the grand corrupter?" It has taught its imitator, Russia, to frame a tariff that presses still more heavily than its own on

foreign imports. By mere operation of the *lex talionis* it has precipitated Germany into an "agrarian" tariff that has killed American industry there. And, through the last twenty years particularly, it has encouraged Australia and New Zealand to pile up duties on duties that were often prohibitive when they were only half of what they are now and which are strangling foreign and English industry alike.

"Whatsoever dallies with an outgrown principle or element is immoral." Such is one of many wise saws that are scattered through a book<sup>1</sup> whose Utopian vesture but thinly veils its profound ethical purpose. The alarming feature of the proposed new British policy is that a country which has hitherto led the advance of humanity should revert to an outworn social phase. Is it a proof that "*la décadence de l'Angleterre*" which Ledru Rollin diagnosed or prophesied so prematurely has at last begun? The antidote should be supplied by the country that infused the poison. There will be fresh hope for mankind when the greatest of world-peoples (as in a few decades it will be) sets an example of equity and abandons the robber-system of high protective duties in favor of a moderate tariff for revenue alone.

J. COLLIER.

Sydney, Australia.

<sup>1</sup>*Limanora: the Island of Progress.* By Godfrey Sweven. New York: G. P. Putnam's Sons. 1903.

## THE ELECTRIC INTERURBAN RAILROAD.

THE introduction of a new method of applying power for purposes of transportation has often caused great social and economic changes to take place, thus marking the beginning of a new industrial era. The growth of facilities for transportation builds up and destroys cities, redistributes population, diminishes the natural disadvantages of location, and changes the manners and customs of a people. The ability to substitute water-power for human strength caused the erection of manufacturing establishments on the banks of rivers and dotted the streams with busy villages. The introduction of the steam engine and the locomotive, however, changed the industrial and social conditions upon this continent. Large cities sprang up as by magic, and manufacturing plants were crowded closely together within these cities. Steam is one of the great forces which have moulded and given definite characteristics to our present civilization. But, in recent years, a new method of distributing power has come into common use; a method dependent upon steam or water-power, although it modifies the centralizing tendency of steam and the localizing tendency of water-power. As a result, our methods of manufacturing and transporting goods are undergoing alteration, and the distribution of population is affected. It is the purpose of this paper to treat one phase only of this phenomenon, namely, the growth, present development, economic possibilities, and social value of the electric interurban railroads in the United States.

The practical development of the electric railroad covers only a comparatively short period of time. The first commercially successful roads were built in 1888.<sup>1</sup> Electricity had been used previous to this date as a motive power for street cars, but with indifferent success. During this year, three important lines were constructed, one in Richmond, Va.; a second, in Allegheny, Penn.; and the third in Washington, D. C. From this small

<sup>1</sup> Carl Hering, *Electric Railroads*, page 19.

beginning, the utility of which was in doubt, our great system of urban and interurban electric railroads has grown with marvelous rapidity. In less than twenty years this system has expanded until it is, at the present moment, a powerful factor in our social and economic life, and until it has become a rival, in regard to short haul passenger, express, and freight traffic, of our steam railroads. While in one sense the electric roads may be considered as competitors, they are, on the other hand, potent factors in increasing the business of steam roads. The electric lines are able to tap rich farming lands which are not readily accessible from steam roads, thus stimulating trade and traffic. It seems possible and probable that the electrics may act as feeders for the steam railroads, bringing to them long haul traffic, both passenger and freight, but eliminating much of the short haul traffic which entails frequent stops, and which forms a very considerable item in expense of operation. More than one enthusiastic electric railroad man has stated that the electric motor will be used on existing steam lines for the purpose of handling their suburban and short distance passenger traffic, express, mail and local freight.<sup>1</sup> The Quebec, Montmorency and Charlevoix Railroad and the New York, New Haven and Hartford Railroad have put such an idea into practice.

The greatest interurban development has taken place in Massachusetts, New York, Ohio, Indiana, Michigan, and Illinois. The rich agricultural States of the central portion of the United States afford good opportunities for these lines. Boston, Detroit, Cleveland, Toledo, Indianapolis, and Chicago are large centers of interurban traffic. Many roads own a private right of way for a portion of their trackage; there is an increasing tendency in this direction. Very high rates of speed are permissible only on a private right of way. A problem which is now confronting the electric interurban roads is in regard to their entrance into the larger cities. The majority of such lines connect, at the outskirts of a large city, with the city system and run their cars into the city over the city railroads' tracks. Where the streets are used, limitations of speed, of size, and of weight of the cars restrict the managers of the interurban system.

<sup>1</sup> The Electric Suburban R. R., *Street R. R. Review*, October, 1902.

The rate of speed attained by the electric cars is often high. The speed of cars running from Cleveland to Toledo, outside the city limits, is from thirty-five to forty miles per hour. A speed of sixty miles per hour has been attained. The schedule time between the two cities is six hours, much running time is lost coming into and leaving the cities as the cars run over the public streets; but passengers are carried directly into the heart of the city. The Union Traction Co. of Indiana recorded in June, 1903, a speed of sixty-five miles per hour. The run from Muncie to Indianapolis, a distance of 56.55 miles, was made in 106 minutes. Much running time was lost within urban limits. The average speed was thirty-two miles per hour.

Statistics pertaining to the growth of electric traction are very interesting; but unfortunately it is practically impossible in many instances to separate urban from suburban and interurban statistics. It must also be remembered that statistics in regard to the growth of electric railroads are almost out of date before compiled. According to the Census reports, there were, in 1890, 126 electric railroad lines, and 1,262 miles of track; in 1902, the figures were 747 and 21,920 respectively. In 1902, 34 per cent. of the total mileage was located outside the limits of cities; 17 per cent. was constructed on private right of way. In the same year, the total issued capital stock of all street railroads was \$1,315,572,960. The outstanding funded debt was \$992,709,139, and the net capital liabilities per mile of track owned were \$96,287.<sup>1</sup> In 1899, about ten miles of track for electric roads were built for every one mile built for steam roads.

In Indiana there are no less than twenty-two companies building or operating interurban lines. Twenty-eight companies were organized to operate electric roads in Ohio during the eight months ending March 20th, 1903; during the same period, six companies were organized in Michigan; twenty-one, in Indiana; and twenty-six, in Illinois.<sup>2</sup> Detroit is the terminus of about four hundred miles of interurban electric road. The total interurban mileage controlled by one company, the Detroit United Railroad Company, amounts to over three hundred miles. A writer

<sup>1</sup> U. S. Census Bulletin, No. 3, Street and Electric R. R., 1903.

<sup>2</sup> *Street R. R. Journal*, 1903.

in the *Street R. R. Journal*<sup>1</sup> estimates the capitalization of these roads to average \$40,000 per mile. In the State of Michigan in September, 1902, there were twenty-four interurban lines actually in operation, and franchises asked for forty-seven more. In May, 1901, there were sixty-eight companies operating electric railroads in the State of Ohio. The total number of miles of track was 1,818, or about one-fifth the mileage of all the steam roads of the State. During the fiscal year ending November 15th, 1901, ninety-six electric railroad companies were incorporated in Ohio. These examples are merely indicative of the rapid growth of the interurban service.

A passenger may now ride on electric lines from Cleveland to Detroit. He is required to make only two transfers, one of which is at the Toledo union interurban station. Columbus and Indianapolis were recently connected. Chicago will soon be linked with Cleveland by a trolley line. Cleveland, Columbus, Toledo, and Cincinnati will all be connected by the electric road in the near future. A company has been formed to complete the line between New York City and Philadelphia. Massachusetts is covered by a network of trolley lines. The electric interurban roads are passing through a development somewhat similar to that undergone by the steam roads. The short lines are being consolidated into larger systems, thus removing the necessity for frequent transfers. For example, the Lake Shore Electric, connecting Cleveland and Toledo, is a consolidation of four shorter lines. The largest individual consolidation is controlled by the Public Service Corporation of New Jersey.<sup>2</sup> This syndicate owns an important network of lines in the northern portion of the State.

The average passenger fare per mile on the chief interurban lines is between one and one-fourth and one and one-half cents. The fare from Cleveland to Toledo, 119 miles, is \$1.75; from Detroit to Jackson, Mich., 76 miles, \$1.05; from Detroit to Ann Arbor, 38 miles, 50 cents. The Detroit, Ypsilanti, Ann Arbor, and Jackson, an electric road, issues a thousand mile mileage book at a rate of one cent per mile.

<sup>1</sup> October 4, 1902.

<sup>2</sup> Proceedings of American Street Railroad Associations, September, 1903.



The running time between Cleveland and Toledo is six hours; limited trains, stopping only at the larger towns, make the trip in four and one-half hours. This line runs partially on a private right of way; but much of its track is laid on one side of the public highway. The trip from Ann Arbor to Detroit requires about two hours and fifteen minutes; from Jackson to Detroit, three hours and forty-five minutes. The regularity of these interurban cars compares favorably with that of passenger trains on steam railroads.

Detailed statistics of four representative States, New York, Massachusetts, Ohio, and Michigan, will be given. It must, however, be carefully borne in mind that the figures given refer to urban as well as to interurban lines.

#### MASSACHUSETTS.

Miles of street railroad track in 1888 (all kinds <sup>1</sup> )	533.29
“ “ “ “ 1902	2,507.58
“ main track added in 1901	358.

During the year ending September 30th, 1902.<sup>2</sup>

Track mileage of trolleys gained	11%
“ “ steam roads lost	1 mile
Gross earnings of trolley roads increased	7.5%
“ “ steam	5.5%
Net “ “ trolley	4.5%
“ “ steam	1.8%

#### COST AND CAPITAL INVESTED PER MILE OF MAIN TRACK IN MASSACHUSETTS.<sup>3</sup>

	Construction per mile.	Equipment per mile.	Total cost per mile.	Capital investments per mile.
1892	\$19,520	\$15,215	\$47,293	\$46,184
1896	23,396	9,805	46,041	46,373
1901	23,953	8,675	44,297	45,757

#### EARNINGS AND EXPENSES OF OPERATION.

	1900.	1901.	1902. <sup>4</sup>
Revenue from passengers	\$19,602,906	\$21,339,480	\$22,807,316
“ mails and mdse.	49,257	51,897	.....
“ mail	.....	.....	48,454
“ express	.....	.....	4,140
“ freight	.....	.....	12,876
Gross earnings	19,999,641	21,766,340	23,617,570
Operating expenses	13,157,947	14,565,141	16,403,667
Net earnings from operation	6,842,694	7,201,199	7,213,903

<sup>1</sup> Includes lines where the horse was employed as a motive power.

<sup>2</sup> Report of Massachusetts R. R. Commission, 1902.

<sup>3</sup> Report of Massachusetts R. R. Commission, 1902.

<sup>4</sup> Census Bulletin, 1903.

The gross earnings of the steam roads of Massachusetts were \$82,191,293 in 1900, and \$82,385,586 in 1901; an increase of only \$194,293. The revenue from passengers was \$32,554,338 in 1900, and \$32,509,569 in 1901; a decrease of \$44,269. The total loss of all passenger traffic on the steam roads of Massachusetts from 1893 to 1898 was 17,839,225 passengers.<sup>1</sup> The number of electric passenger trips increased from approximately 220,000,000 in 1894 to 605,258,959 in 1902. This is one of the most densely populated of our States; the development of the electric roads is high; hence, the effect of electric competition in the passenger traffic is probably more noticeable than in other sections of the country.

## OHIO.

Miles of street and electric railroad track, 1902..... 2,338.50<sup>2</sup>

The gross earnings of all trolley lines of the State were \$13,583,651 in 1901, or more than 20 per cent. greater than in 1900.

EARNINGS AND EXPENSES FROM OPERATION.<sup>1</sup>

	1902.
Revenue from passengers.....	\$15,293,916
"    mail .....	35,171
"    express .....	57,679
"    freight .....	211,842
Gross earnings .....	16,587,693
Operating expenses .....	9,132,480
Gross earnings per track mile.....	7,093

Tonnage of freight received at the Toledo electric station during July, 1902.<sup>3</sup>

Outbound .....	2,416,390 pounds
Inbound .....	854,291 "
Total .....	3,270,681 "

The reason assigned for the great excess of outgoing over incoming freight is simple. Country merchants call up the Toledo wholesale merchant by telephone and order goods which are to be delivered to them by electric traction. These goods come to the wholesaler over steam roads. This unbalanced con-

<sup>1</sup> *Street R. R. Journal*, March 25, 1902.

<sup>2</sup> *Census Bulletin*, 1903.

<sup>3</sup> *Street R. R. Journal*, October 4, 1902.

dition of traffic will probably tend to disappear as the farmers become more accustomed to the electric lines and begin to appreciate more fully their value as transporters of farm produce. All suburban lines centering at Toledo carry milk at a straight rate of 1½ cents per gallon. The steam roads make practically the same rate.

**MICHIGAN.**

Miles of "street and electric" railroad, single track, 1902.....1,048.26

**EARNINGS AND EXPENSES FROM OPERATION, 1902.**

Revenue from passengers.....	\$6,014,842
"    mail .....	11,143
"    express .....	153,224
"    freight .....	47,904
Gross earnings .....	6,494,691
Operating expenses .....	3,655,328
Gross earnings per track mile.....	6,195

**NEW YORK.**

Miles of "street and electric" railroad, single track, 1902.... 2,797.90

**EARNINGS AND EXPENSES FROM OPERATION, 1902.**

Revenue from passengers.....	\$57,347,930
"    mail .....	65,077
"    express .....	64,213
"    freight .....	197,324
Gross earnings .....	59,315,606
Operating expenses .....	33,677,724
Gross earnings per track mile.....	21,200

The three States, Ohio, Michigan, and New York, lead in the amount of express and freight traffic handled. It is evident, however, that the classification into freight and express is not uniform. Ohio leads in the amount of combined freight and express receipts, \$269,521, in 1902; New York, \$261,537; Michigan, \$201,128. The total receipts for the United States were \$1,439,769; about 51 per cent. of which is credited to the three above-named States. Michigan has developed the express business on electric lines to a far greater extent than any other State. This may be the result of different classifications. The Detroit interurban lines run large express cars which serve the country within a radius of sixty miles, making in some towns three deliveries daily.

The experience of certain roads with their express and freight business is interesting and instructive. The Eastern Ohio Trac-tion Company's system consists of two forty-mile branches run-ning east from Cleveland, through a farming country which is quite isolated from the steam railroads. Freight is a very impor-tant, if not the chief, business of this company. Milk, coal, wood, wool, etc., are carried. The charges and methods of handling freight are quite similar to those employed by steam roads. A small road in Illinois, the Rockford and Interurban, deserves attention on account of its well organized express depart-ment. The company's agents stand ready to receive orders by telephone as to the purchase of goods, and to ship the goods thus ordered on the next express train, or, if the consignment is small, on the next regular passenger car. A short line, connecting Howard in northern Illinois with a small lake in southern Wis-consin, is a very good illustration of the possibilities of small electric lines which run through prosperous farming communi-ties.<sup>1</sup> This road is only eight and one-half miles in length, but it transfers freight and passengers with connecting steam rail-roads. Its freight earnings are about \$635 per mile of track per year, which is about one-third of its gross receipts.

A great development along the lines indicated by these three electric roads may be expected; but the proposition that electric freight and express business will be as successful as the passenger business has been, seems doubtful. The two kinds of traffic are on a radically different basis.

The effect of a parallel electric line on local steam passenger traffic is well illustrated by the following example. The Lake Shore and Michigan Southern Railroad is paralleled by the Cleveland, Painesville and Eastern, an electric line, from Cleve-land to Painesville, about thirty miles east of the former city. The number of passengers carried between the two cities and intermediate points in 1895, before the completion of the electric road, averaged 16,600 per month; in 1902 the average was reduced to 2,400 per month. To the west of Cleveland a similar effect is also noticed. The same steam railroad carried, in 1895,

<sup>1</sup> See Street R. R. Supplement of the *Financial and Commercial Chronicle*, November, 1902.

16,900 passengers monthly between Cleveland, Oberlin and intermediate points; in 1902, this monthly average had diminished to only 7,650. Reduced rates, frequent service, and passage directly to the heart of the city, are the chief reasons for the effective competition of these electric lines.

According to Poor's Manual for 1902, the average length of trip per passenger on the steam railroads in the group consisting of Ohio, Indiana, Illinois, Michigan, and Wisconsin, was, in 1900, 33.80 miles; in 1901, 39.73 miles. To what extent this increase was due to the increase of the electric passenger service and the decrease of local, short-distance, steam passenger service is, of course, problematical, but certainly the competition of the electrics would have a tendency to produce such an effect.

The electric roads are likely to enter upon a wider field of competition in the near future by adding sleeping and dining cars to their equipment. The first electric sleeping car was completed in December, 1903, by a Wilmington, Delaware, firm.<sup>1</sup> It was shipped to Indianapolis. Twenty buffet cars, the first of their kind, are being built (December, 1903) for the Indiana Union Traction Company.

The electric lines may prove as formidable competitors in long distance passenger traffic as they are at present in the local passenger field. The absence of smoke and cinders is alone a desirable and important feature of electric traction. Comfort is one of the controlling factors in the building up of passenger traffic. When this is coupled with high speed and low rates, the combination is certain to take and to retain that traffic. The recent high speeds made in Germany on the Berlin-Zossen line seem to indicate that, in the future, passenger traffic is to be by electric power. The conditions on this line were, however, extraordinary, and show that the deterioration of the road-bed is very great when such high speed is attained.

As examples of the present importance of interurban passenger traffic, it may be stated that in October, 1903, 117 interurban electric passenger trains came into and went out from Indianapolis daily, and 136 such trains entered and left Toledo each day.

<sup>1</sup> *Electrical World and Engineer*, December 19, 1903.

A private elevated or underground right of way inside of city limits will probably be necessary for the further development of long distance interurban traffic.

The local freight and express business of the electric lines will probably increase in the future; but the electric road may be expected to perform the function of a feeder to and a distributor for the steam railroad rather than to become a direct competitor for the heavy or long distance traffic. The latter will, for many years, retain control of the long and medium distance freight and express business; but electricity may be applied to existing steam lines. The steam locomotive will not undergo radical improvement in the future. If the electric locomotive can be used to draw heavier loads than the steam locomotives, it seems likely to replace the latter. Some electrical engineers are confident that such is to be the case.<sup>1</sup>

A Canadian steam road, the Quebec, Montmorency and Charlevoix, made an interesting innovation about four years ago, by changing to a combination electric and steam road. The result in this particular case has been very favorable to the introduction of electric traction. In 1899, using steam only, the road carried 253,054 passengers; in 1901, with combined steam and electric traction, it carried 571,374, an increase in two years of over 100 per cent. The gross receipts for the two years mentioned were \$44,221.55 and \$73,292.94 respectively. The New York, New Haven and Hartford Railroad is an example of a system owning both steam and electric roads. This well-known New England road felt the effects of trolley competition early in the history of interurban traffic, and adopted the policy of purchasing the competing lines. This system now includes nearly two hundred miles of track equipped for electric traction. These lines may be divided into three different classes: old trolley lines which were purchased in order to prevent competition, and which are still operated as trolleys; former steam lines which are now employing electric power; and one considerable electric system, consisting of old lines linked together by new lines built by the company. The receipts for 1902, from

<sup>1</sup> See *Electrical World*, February 22, 1904, p. 390. "Use of Electric Freight Locomotive."

the electric lines operated by this company, were reported to be \$772,660.

As investments, the stocks of the distinctly interurban roads seem to be doubtful propositions. In many, probably in the majority of cases, they represent a capitalization of the prospects of future earnings, and these prospects in many instances assume a roseate tint only when seen through the spectacles of the promotor. The total capital stock issued on all "street and electric" railroads in the United States was, as previously stated, \$1,315,572,960 in 1902. Of this amount \$667,878,624, or nearly 51 per cent. of the total stock issued, did not pay dividends. The total amount of dividends paid in 1902 was \$33,039,171, or practically 5.1 per cent. on the stocks actually paying dividends. The average rate of interest on the funded debt was 4.4 per cent.<sup>1</sup>

It is impossible with the statistics available to determine, with any degree of accuracy, what percentage of the dividend-paying stock should be credited to interurban roads. A count of sixteen distinctly interurban lines in Ohio showed that nine paid and seven did not pay dividends in 1902, a very favorable year. Of all the companies reported from Indiana, twenty-seven in number, only two paid dividends on the preferred stock and none on the common stock. In Michigan four, out of a total of twenty-four reported, paid dividends on their common stock in 1902. Each one of these four companies controls city as well as interurban lines. Forty-one out of a total of eighty-four reported from Massachusetts paid dividends on their common stock; but a considerable, although indeterminate, percentage of the dividend-paying lines are distinctly urban.

The average net earnings of five important interurban railroads of Ohio and Illinois were \$1,838 per mile in 1902; and the funded debt per mile averaged \$27,900. The interest on this at 5 per cent. would be \$1,395 per year. After subtracting this fixed charge from the net earnings, \$443 per mile remains as the average income above operating expenses and fixed charges. A writer in the *Electrical World and Engineer* (1902) estimated the average cost of an interurban road, designed for freight and passenger service, to be \$18,000 per mile; allowing \$2,000 per

<sup>1</sup> Census Bulletin, Street and Electric Railroads, No. 3, 1903.

mile for contractor's profit, the total becomes \$20,000. The average funded debt may be assumed to be \$25,000 per mile, these bonds bearing interest at 5 per cent. per annum; making the fixed charges, according to this estimate, \$1,250 per mile. The average earnings per mile were estimated to be \$3,400 in the State of New York, and the average operating expenses 55 per cent. of this amount, or \$1,870 per mile. If we accept this writer's estimate, only \$280 per mile would remain after deducting operating expenses and fixed charges. From this we must further deduct maintenance of way, rolling stock, and electrical equipment; leaving a very narrow margin for dividends. The common stock of these interurban roads does not represent a real investment; they are built from the proceeds of the sale of bonds. The stock is given usually as a bonus with the bonds. It must, however, be borne in mind that electric interurban traffic is "still in its infancy." It is perhaps unreasonable to expect these stocks to be paying propositions for some years; but there is undoubtedly a tendency to overdo the matter, and to project roads at a cost which the conditions, for many years, will not allow to become dividend-paying. The history of canal and steam railroad promoting and building may be repeated in some sections of the country. The extent to which express and freight traffic may be developed is still a matter of prophecy, but the indications certainly point to a rapid and considerable expansion of this traffic. A considerable increase in the amount of long distance passenger traffic may be gained through the employment of higher speeds, the use of sleeping cars, dining cars, and other conveniences now in common use on the steam roads.

The effect of the growth of the interurban system upon the social and economic conditions existing in certain sections of our country is considerable, and is destined to be very important. The last decade showed a slight checking of the enormous increase in the population of our cities as compared with that of the rural districts. There has been a considerable growth of suburban towns and an increasing development of dairying and market gardening. Such a growth necessitates an improvement in the means and methods of transportation. One of the most striking features of the Census bulletins on agriculture was the



great increase of dairy farming in the Northern and Eastern States. This was primarily due to the necessity of renewing the fertility of the soil; but profitable dairy farming and market gardening are also dependent upon cheap and rapid means of transportation. During the period 1880-1890, 2,037 townships in Ohio, Indiana, and Illinois, or 54.5 per cent. of the total number, decreased in population; during 1890-1900 only 1,631, or 43 per cent., decreased.<sup>1</sup> In Massachusetts, during the last decade only 34 per cent. of the towns decreased in population. During the last decade, there has also been a very significant and noticeable movement of manufacturing plants from the crowded portions of the city toward the outskirts. Where this phenomena is seen most clearly, for example, in the cities of Cleveland and Toledo, the electric railroad system is highly developed. It is difficult to determine which is the cause or which the result.

If a map be made of Ohio, showing black spots for townships which decreased in population during 1890-1900, and white spots for those which increased during the same decade, northern Ohio will be chiefly white, while central and southern Ohio will be quite dark. In northern Ohio is found a highly developed electric interurban system; a similar phenomenon is noticed in Massachusetts. The interurban development in southern Ohio is less important and of a more recent date than that of the northern portion.

Coincident with this development is found the growth of the city department store, and the tendency of the retail trade to be centralized in the larger towns and cities. A recent cartoon illustrates this situation very aptly. The cartoon consisted of four pictures. Nos. 1 and 2 showed the old and familiar style of marketing. In No. 1, is represented the farmer and his wife in the early morning hours before daybreak, harnessing the horses by lantern light, and putting butter, vegetables, potatoes, and eggs, into the wagon, preparatory to the journey into the city. In No. 2, we see the pair returning at sunset, tired and dusty, their wagon now laden with sugar, flour, clothing, etc. Nos. 3

<sup>1</sup> See the writer's article entitled, "The Growth of Rural Population," *Popular Science Monthly*, December, 1903. Also, "Growth and Management of American Agriculture," *Annals*, November, 1903.

and 4 represented the new and improved style of marketing. The farm produce is seen, in No. 3, standing on a platform in the yard by the side of the track of the electric line. The farmer is at the telephone giving his order to the city merchant. No. 4 showed the return of the electric car. The goods required from the city were being unloaded. There is "more truth than poetry" in this illustration; it truthfully depicts what actually takes place on many farms in northern Ohio and southern Michigan.

Large department stores in Toledo, for example, advertise extensively in the rural newspapers and draw very profitable trade from the out-of-town customers. These come to the city principally over the suburban electric roads, or over the steam roads when cheap excursion rates are given. The regular and constant rural trade comes over the electric lines. A union inter-urban depot has been provided for all electric interurban lines running into Toledo. This depot is located in the downtown portion of the city. All the large retail stores are within four blocks of this depot. A freight and express depot has also been built, and enlarged since built.

The electric express solves quite satisfactorily the problem of furnishing the farmer with a means of delivering his produce into the heart of the large city and into its markets in as short a period after production as possible, and in first-class condition. Time is a very important factor to him. He can not only sell with greater profit, but he can also obtain his daily necessities, comforts, and luxuries at lower prices. The route from the producer to the consumer is made more direct, and is traveled in a shorter space of time. Both the country and the city are gainers in regard to cost and freshness of supplies.

All forces which tend in any way to stop the great rush toward the cities, and thus to prevent overcrowding, are beneficial. Lack of efficient and rapid means of communication and transportation are the great stumbling blocks which have prevented progress in rural communities; in so far as these are improved may we expect a higher social, economic, and moral tone of life in the rural districts. The trend toward the cities is due to the greater social advantages rather than to the greater economic opportunities. Recent developments are greatly modifying and

improving the social conditions in rural communities. The growth of suburbs and the improvement of the farming districts are both a cause and an effect of electrical interurban traction, the telephone, rural mail delivery, and many other promising innovations. The steam roads will probably remain our great arteries of trade; but the electric lines will become the feeders of those arteries, bringing every town, hamlet, and farm-house into close and vital connection with the great throbbing life of our civic and industrial world. The diverse interests and the distinct separation of country and city are menaces to our form of government. To draw city and country closer together by means of steam and electric railroads, and telephone communication, is a consummation much to be desired.

A statement made over a decade ago regarding England is quite appropriate to certain sections of the United States. Speaking of the growth of suburbs, Mr. Sidney J. Low said: "The majority of the people of this island [England] will live in the suburbs; and the suburban type will be the most widespread and characteristic of all, as the rural type has been in the past, and as the urban may perhaps be said to be in the present."<sup>1</sup> The people of the United States will, in the future, be distributed over a larger territory and yet be brought closer together.

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<sup>1</sup>Quoted in *Wright's Practical Sociology*, page 120.

## PROPOSED REMEDIES FOR LYNCHING.

**M**OST of the efforts to check the practice of lynching date from the early nineties, when public attention was directed to the subject by the occurrence of a number of flagrant cases. Previous to that time such discussion as there was of the subject brought no effective restraint to bear on the continuance of the practice, either because of the intensely partisan character of the discussion as between the North and the South, or because, while the practice in general was denounced, particular instances of lynching were excused. The newspapers and magazines took comparatively little notice of lynchings until after the year 1890. The newspapers printed accounts of such occurrences, but the editorial protests were few, and the magazine literature is almost barren on the subject.

On March 14, 1891, the eleven Italians who were accused of complicity in the murder of the chief of police of New Orleans were summarily put to death by a mob. On May 30, 1891, Tump Hampton, colored, was burned at the stake in the parish at St. Tammany, Louisiana. On January 31, 1893, a negro by the name of Henry Smith was publicly burned at the stake with extreme torture at Paris, Texas. Excursion trains were run for the occasion and there were many women and children in the throng which watched the sufferings of the victim. These and other instances of a similar character, together with the increased number of lynchings in the years 1891, 1892, 1893, focussed the attention of the world upon the American practice of lynching. Italy demanded from the United States an indemnity for the lynching of the Italians at New Orleans. Foreign newspapers and periodicals united in heaping abusive censure upon the United States. Repeated and insistent demands were made, in America as well as in Europe, that lynchers be brought to justice and be punished as other murderers are punished.

Out of this discussion, agitation and censure there came proposals of various remedies for lynching. Various reasons were

assigned for the prevalence of the practice and consequently there was little agreement in the measures which were proposed for its prevention or suppression, but most of the proposed measures were of the nature of new or additional laws directed specifically against lynching or mob violence.

Early in the year 1894 a number of the citizens of Louisiana petitioned the legislature of that State to enact stringent laws against lynching, but the legislature adjourned without fulfilling the request. A number of governors at about this time, in messages to the State legislatures, called attention to the subject and recommended immediate legislation. Governor Hogg of Texas made the matter of lynching the subject of a special message, denouncing the practice and strongly urging the enactment of laws to prevent it. Governor O'Ferrall, in a message to the legislature of Virginia, recommended that the county in which a lynching occurs should be required to pay to the State treasury a sum not exceeding ten thousand dollars for the benefit of the public school fund. Recommendations of a similar character were subsequently made by the governors of Maryland and Georgia. Governor Atkinson of Georgia made the unique recommendation that, if an officer in charge of a prisoner is not required to protect his charge at the hazard of his own life, he should be required to unshackle the prisoner, arm him, and give him an opportunity to defend himself. On the assumption that the law's delay or slowness is the principal cause for lynching, the governors of a number of States offered suggestions for a more expeditious judicial procedure. Of the many measures proposed, however, and of the numerous recommendations that special legislation be enacted against lynching, comparatively few have received from the various legislatures sufficient consideration to lead to the enactment of laws on the subject.<sup>1</sup>

The States in which there has been legislation against lynching and the years in which action was taken upon the subject are as follows: Georgia 1893, 1895; North Carolina 1893; South Carolina 1895, 1896; Ohio 1896, 1898; Tennessee 1897; Ken-

<sup>1</sup> See article by Edward Leigh Pell on "Prevention of Lynch-law Epidemics," *Review of Reviews*, March, 1898 (17: 321).

tucky 1897, 1902; Texas 1897; Indiana 1899, 1901; Michigan 1899;<sup>1</sup> Alabama 1901; West Virginia 1903;<sup>2</sup> Kansas 1903.

From a review of this legislation it appears that an application of the following remedies has been sought: first, an increase of the power of sheriffs and of their responsibility for the proper discharge of the duties of their office; second, heavier penalties for sheriffs and other officers who fail to protect from mob violence any person lawfully in their custody; third, heavier penalties for citizens who break into jails, or attack officers, or hinder or obstruct legal procedure; fourth, adequate provision in the law for the discovery, prosecution, and punishment of lynchers; fifth, fixing responsibility upon a community by making the county in which a lynching occurs liable for damages, and giving a right of recovery to the legal representatives of the person lynched.

Direct and definite information as to the effectiveness of these measures in particular instances is somewhat meager, but the few cases that have arisen in the courts afford a basis for argument.<sup>3</sup>

On January 6, 1897, Lawrence Brown, colored, was lynched in Orangeburg County, South Carolina, for suspected arson. Isaac Brown, administrator of the estate of Lawrence Brown, deceased, entered suit against Orangeburg County in the com-

<sup>1</sup> Repealed in 1903.

<sup>2</sup> Merely a joint resolution which was adopted by the legislature in response to a special message from the governor.

<sup>3</sup> For the purpose of obtaining accurate and complete information on the subject of anti-lynching laws, the writer asked the following questions of thirty-three attorneys-general in the United States, inclosing in each letter a self-addressed and stamped envelope for reply:

1. What anti-lynching laws have been enacted in your State since 1890? (Please give citation to statutes.) If there are no anti-lynching laws in your State, mention any attempts that have been made to enact such laws.

2. Have any cases been tried under any of such laws or any attempts been made to that effect, and what has been the record and the outcome in each case?

3. Are such laws effective in any respect?

Twenty-four replies were received to the thirty-three letters sent, and upon examination a fact became evident which is probably rather more than a coincidence—the nine unanswered letters were the ones which were sent to the attorneys-general of the States, with one exception, in which the greater number of lynchings have occurred. The exception is scarcely worth noting, however, because it was a reply which was very tardy and very non-committal.

mon pleas circuit court of that county for the recovery of damages under section 6, article 6, of the constitution which was adopted in 1895, and the act to prevent lynching which was passed in 1896.<sup>1</sup> Judgment was rendered for the defendant, the presiding judge directing the jury to find a verdict in his favor, on the ground that the provision in the constitution and the act of the legislature conferred upon the plaintiff no right to recover damages against the defendant, as the person lynched was not a prisoner. An appeal from this decision was taken to the supreme court, where the judgment of the lower court was reversed and the case was remanded for trial. The supreme court, construing the constitutional provision broadly and in connection with the act of the legislature, ruled that the judge had been in error in his directions to the jury, that the correct construction of the constitutional provision made a county liable for damages when the person lynched was not in the custody of the law as a prisoner. While the court declared a consideration of the question of the power of the legislature to pass such an act, independently of the constitutional provision, to be unnecessary in the case in hand, an opinion in regard to the matter was

<sup>1</sup> The act to prevent lynching was a copy of the article in the constitution with such additional provisions as were deemed necessary to make its operation effective. It was provided that "in case of any prisoner lawfully in the charge, custody or control of any officer, State, county or municipal, being seized and taken from said officer through his negligence, permission or connivance, by a mob or other unlawful assemblage of persons, and at their hands suffering bodily violence or death," the said officer should be deemed guilty of a misdemeanor, and upon true bill found should be deposed from office pending trial, and upon conviction should forfeit his office, and, unless pardoned by the governor, should be ineligible to hold any office of trust or profit within the State. It was made the duty of the prosecuting attorney within whose circuit or county the offense might be committed to forthwith institute a prosecution against said officer, who should be tried in such county in the same circuit other than the one in which the offense was committed, as the attorney-general might elect. The fees and mileage of all material witnesses both for the State and the defense were to be paid by the State treasurer. It was also provided that "in all cases of lynching when death ensues, the county where such lynching takes place shall, without regard to the conduct of the officers, be liable in exemplary damages of not less than \$2,000 to the legal representatives of the person lynched," and that "any county against which a judgment has been obtained for damages in any case of lynching shall have the right to recover the amount of said judgment from the parties engaged in said lynching in any court of competent jurisdiction."

expressed in the following words: "It has been held that statutes making a community liable for damages in cases of lynchings, and giving a right of recovery to the legal representatives of the person lynched, are valid, on the ground that the main purpose is to impose a penalty on the community, which is given to the legal representatives, not because they have been damaged, but because the legislature sees fit thus to dispose of the penalty. Such statutes are salutary, as their effect is to render protection to human life, and make communities law-abiding."<sup>1</sup>

At the January term of the Supreme Court of Ohio, in the year 1900, a decision was rendered on the constitutionality of the "Act for the Suppression of Mob Violence," which was passed April 10, 1896.<sup>2</sup> Two cases were before the court. Benjamin F. Church, as the administrator of Chas. W. Mitchell, deceased, filed a petition against the board of commissioners of Champaign County to recover five thousand dollars for the lynching of said Mitchell, at Urbana, in said county.<sup>3</sup> Defendant demurred to the petition, and the demurrer was sustained by the court of common pleas and the petition dismissed. The circuit court reversed the judgment of the court of common pleas and the case then came before the supreme court. In the other case, J. W. Caldwell brought action, under the same statute, against

<sup>1</sup> *Brown v. Orangeburg Co.* 55 S. C. 45; 32 S. E. 764. The decision of the supreme court was rendered on April 20, 1899.

<sup>2</sup> Under this act any person who is taken from the hands of the officers of justice in any county by a mob, and is assaulted by the same with whips, clubs, missiles, or in any other manner, may recover damages from the county to the amount of one thousand dollars; any person assaulted by a mob and suffering lynching at their hands may recover, from the county in which the assault is made, five hundred dollars, or if the injury is serious, one thousand dollars, or if it result in permanent disability to earn a livelihood by manual labor, five thousand dollars; and the legal representative of any person suffering death by lynching at the hands of a mob may recover from the county in which such lynching occurs the sum of five thousand dollars. An order to the commissioners of a county against which such recovery may be made, to include the same with costs of action in the next succeeding tax levy of said county, forms a part of the judgment in every such case. The county, however, has a right of action to recover the amount of any judgment against it, including costs, against any of the parties composing such mob, and any person present with hostile intent at such lynching is to be deemed a member of the mob and is liable to such action.

<sup>3</sup> Mitchell was a negro and was lynched on June 4, 1897 for the crime of rape.



the board of commissioners of Cuyahoga County, to recover the sum of one thousand dollars for an injury which he alleged he had received at the hands of a mob in that county. A demurrer to the petition, on the ground that the petition did not state facts sufficient to constitute a cause for action and that said act was unconstitutional, was sustained by the court of common pleas, and the judgment of the court of common pleas was affirmed by the circuit court. Both cases came up to the supreme court on petitions in error to reverse the respective judgments of the circuit court.

In the opinion delivered on April 10, 1900, the supreme court fully discussed and upheld the principle involved in the act, affirming the judgment of the circuit court in *Commissioners v. Church*, administrator of Mitchell, and reversing the judgment of the circuit court and the judgment of the court of common pleas in *Caldwell v. Commissioners*. Church recovered from Champaign County five thousand dollars with interest and costs for the lynching of Mitchell, and Caldwell's action was sustained for the recovery of one thousand dollars for injuries received at the hands of a mob in Cuyahoga County.<sup>1</sup> The court in its opinion stated specifically that the act was constitutional; that the recovery authorized by said act was penal in its nature, and it was within the legislative power to provide therefor; that such legislation was not an exercise of judicial power, nor was it a violation of the right of trial by jury; that such recovery, and the tax levy authorized and required by said act, were within the general powers of the legislature.<sup>2</sup>

One case has arisen under the Indiana act of 1899 as amended in 1901.<sup>3</sup> On November 20, 1902, James Dillard, a negro who

<sup>1</sup> Caldwell lost again in the common pleas and circuit courts, and went no farther.—Deputy Clerk of Cuyahoga County in letter to the writer.

<sup>2</sup> 62 O. S. 318.

<sup>3</sup> Under this act "if any person shall be taken from the hands of a sheriff or his deputy having such person in custody, and shall be lynched, it shall be conclusive evidence of failure on the part of such sheriff to do his duty, and his office shall thereby and thereat immediately be vacated, and the coroner shall immediately succeed to and perform the duties of sheriff until the successor of such sheriff shall have been duly appointed, pursuant to existing law providing for the filling vacancies in such office, and such sheriff shall not thereafter be eligible to either election or reappointment to the office of sheriff."

had committed the crime of rape, was taken from the custody of John S. Dudley, the sheriff of Sullivan County, Indiana, and "lynched by hanging until dead." Dudley had been elected sheriff at the general election held in November, 1900, and William P. Maxwell had been elected coroner of Sullivan County. At the general election held in November, 1902, each had been elected as his own successor. On the day following the lynching of Dillard, Governor Durbin notified Maxwell that the office of sheriff of Sullivan County was vacant, and that he, as coroner, under the law succeeded to the duties of the office. Maxwell thereupon demanded of Dudley the possession of the office. This Dudley refused to give, and within ten days after the lynching occurred, as provided for in the statute, filed with the governor a petition for reinstatement in the office. After hearing the petition and the evidence in support of it, Governor Durbin denied the petition and refused to reinstate him. Governor Durbin then notified the board of commissioners of Sullivan County of the vacancy in the office of sheriff and suggested that the board appoint a successor to Dudley. The board of commissioners took no action, however, and Maxwell brought suit under a quo warranto statute to oust Dudley from the office. In the circuit court of Sullivan County a judgment for the defendant was rendered, and on an appeal to the supreme court of Indiana the judgment of the circuit court was affirmed. The issues in the case were purely questions of law, it being held that Maxwell did not have ground for action under the quo warranto statute, and the supreme court expressed no opinion on the constitutionality of the amendatory act of 1901.<sup>1</sup>

Thus, the outcome of this case was, in effect, to nullify the operation of the statute which removes a sheriff from office when he allows a prisoner to be taken from his custody and lynched. The fact that Dudley continued to exercise the duties of his office after the lynching occurred and successfully refused to vacate the office in response to the demands of the coroner, indicates that public sentiment in the community did not support the execution of the provisions of the law. Newspaper reports

<sup>1</sup> 68 N. E. 899.

of the case intimate, however, that politics entered into the question to some extent.

Perhaps the present situation with reference to remedial legislation on the subject of lynching can be summed up in these few words. Comparatively few States have enacted laws defining and punishing lynching, or have enacted any statutes the specific purpose of which is to prevent lynching. Where such statutes exist, very few attempts have been made to enforce them, and the validity of some is still in doubt. From the supreme court decisions in South Carolina and Ohio, it would seem that the courts are likely to uphold statutes giving recovery of damages from counties in cases of lynching. The constitutionality of statutes fixing upon sheriffs the penalty of removal from office for failure to protect prisoners, is open to considerable doubt, however, and no such measure has yet been enforced. In both South Carolina and Alabama provision has been made in the body of the constitution for the removal of a sheriff from office under such circumstances, but neglect, connivance, or other grave fault must be proved against the sheriff.

As to the effect that this remedial legislation has had on the practice of lynching, opinions may differ, but it is difficult to point out in what way these laws have brought about a decrease in the number of lynchings. It is true that not nearly so many lynchings occurred in the years 1901, 1902, 1903, as occurred in the years 1891, 1892, 1893, but it is also true that a marked decline in the number of lynchings per year began several years before the greater number of the anti-lynching laws were enacted. It is likewise true that the number of lynchings per year, in States other than those possessing anti-lynching statutes, has declined in recent years. The truth would seem to be, therefore, if it be assumed that the number of crimes or offenses which occasion lynchings has been fairly uniform from year to year, that the same causes which led to the enactment of the laws also brought about the decline in the number of lynchings, namely, public discussion and condemnation of the practice of lynching, a stronger public sentiment against it, a deeper realization of the seriousness of the lynching problem in the United States.

That the measures adopted in South Carolina for the prevention of lynching, even though upheld and strongly indorsed by the supreme court, have not been altogether effective, becomes apparent from a special message sent to the General Assembly of South Carolina, on January 20, 1904. Governor Heyward wrote as follows: "In my annual message to your honorable body reference was made to lawlessness in our State, the frequent occurrence of lynchings being dealt with particularly.. You, the lawmakers, had not been assembled here a week when another evidence of this lawless spirit is given in the lynching at Reevesville. The Governor is popularly credited with the power to prevent or punish these outrages against the State. In reality he is practically powerless. When the crime has been committed his hands are practically tied. The meager rewards he has been empowered to offer out of his contingent fund have proved ineffectual, and this is as far as he is permitted to go. In the meantime the spirit of lawlessness is unchecked.

"Any band of men may feel secure in taking the life of a fellow-being on almost any pretext. This deplorable condition ought to be remedied. To compel the proper respect for the majesty of the law, I recommend the enactment of special legislation in reference to lynching, that the great responsibility of officials directly charged with enforcing the law be brought home to them, and that more effectual measures be taken for the apprehension of persons who take the law in their own hands. In lieu of some such legislation, I suggest that the Governor be provided with an adequate fund for the purpose of suppressing lynching."<sup>1</sup>

On March 7, 1904, Richard Dixon, a negro, was taken from the jail and lynched at Springfield, Ohio. This occurred in Clark County, which adjoins Champaign County on the south. In at least two other instances lynchings would have taken place in Ohio, since the decision of the supreme court which established the validity of the law holding counties liable in damages, had it not been for the vigilance and prompt action of the sheriffs.

<sup>1</sup> *New York Times*, January 21, 1904.

Governor Sayers of Texas made similar statements in his annual message to the legislature of Texas on January 16, 1903.

The possibility of an increase in the rate of taxation does not seem as yet to have had any restraining influence on the actions of people in Ohio when occasion has arisen for a lynching.

It is only within the last three or four years that determined efforts have been put forth to arrest and punish persons who have participated in lynchings, but these efforts have not been confined to the States which have special laws against lynching. Lynchers may be punished through statutory provisions defining homicide, manslaughter, murder, conspiracy, riot, malicious mischief, assault, and the like.

In November, 1903, eleven persons were indicted in St. Clair County, Illinois, for participating in the lynching of a negro school teacher the preceding June.<sup>1</sup>

More than twenty persons were indicted in Vermilion County, Illinois, for participating in the lynching of a negro at Danville on July 25, 1903, and verdicts of guilty of engaging in an attack on the county jail were found against eleven men and one woman, the penalty being an indeterminate sentence in the penitentiary.<sup>2</sup>

In January, 1903, twenty-eight white citizens of Attala County, Mississippi, were indicted for the lynching of two negroes.<sup>3</sup>

In Alabama, in 1902, some men were given a term in the penitentiary for lynching a negro, they being "the first like offenders," according to Governor Jelks, "to serve the state since the great war. No man had heretofore gone to the penitentiary for lynching a negro."<sup>4</sup>

On June 4, 1903, Samuel Mitchell, white, who led the mob that lynched Thomas Gilyard, a negro, at Joplin, Missouri, on April 15 preceding, was sentenced to ten years' imprisonment in the penitentiary, and two other men were still to be tried for their part in the burning of negro houses following the lynching.<sup>5</sup>

In California nineteen indictments were returned against persons who engaged in the lynching of four men and a boy on

<sup>1</sup> New York *Times*, November 3, 1903.

<sup>2</sup> New York *Times*, September 7, 1903.

<sup>3</sup> Richmond (Va.) *Planet*, February 14, 1903.

<sup>4</sup> Governor's message to the legislature, January 14, 1903.

<sup>5</sup> New York *Evening Sun*, June 5, 1903.

May 31, 1901, at Lookout in Modoc County, and it was said that the State's attorney worked up the case against great opposition.<sup>1</sup>

There were several persons under indictment in Wyoming in February, 1904, for connection with a lynching which occurred in Big Horn County on July 19, 1903.<sup>2</sup>

No convictions of persons participating in lynchings in either Tennessee, Kentucky or Texas have been brought about under the anti-lynching laws which were enacted by those States in 1897. The case of the State vs. Hughes, charged with participating in a lynching, came up in DeKalb County, Tennessee, in July, 1902, but it was found impossible to get a jury to try the case. The court exhausted a venire of three hundred and fifty, and "found every man in the lot disqualified—probably having themselves aided in the affair."<sup>3</sup> On November 13, 1902, John Davis, colored, was lynched in Marshall County, Tennessee. Two men, W. P. Hopwood and W. H. L. Johnson, were later arrested on the charge of participating in the lynching. On January 7, 1903, thirty masked men appeared at the jail where the prisoners were confined, obtained the keys to the jail, and released the prisoners.<sup>4</sup>

The measures adopted by Georgia and North Carolina for the suppression of lynchings have likewise remained inoperative. Numerous lynchings have taken place in both of these States since 1893, but no lyncher has yet suffered any of the penalties prescribed by law. A resident of North Carolina recently made this statement with reference to the punishment of lynchers in his State: "Judges have charged juries against the crime, and Governor Aycock—risking his political fortunes for his convic-

<sup>1</sup> After a trial which lasted three months, the first man tried was acquitted.—*Denver (Colo.) Republican*, February 28, 1902.

<sup>2</sup> Attorney-General of Wyoming in letter to the writer.

<sup>3</sup> *Chattanooga (Tenn.) Times*, July 27, 1902. By the Tennessee act any person guilty of direct or indirect participation in a lynching was declared to be incompetent to serve on a jury and the court was to carefully exclude all such persons from both grand and petit juries.

<sup>4</sup> Despatch from Lewisburg, Tennessee, in *New York Commercial Advertiser*, January 8, 1903.

In October, 1903, a grand jury in Moore County, Tennessee, indicted twenty-two members of a lynching mob.—See *Outlook*, October 24, 1903 (75: 427).

tions—recently offered a reward of \$400 each for the conviction of a party of seventy-five who lynched a negro near Salisbury. But never yet has the law punished a North Carolina lyncher.”<sup>1</sup>

In general it may be said that the laws proposed far outnumber the laws enacted against lynching, and that, wherever such laws have been enacted, their enforcement has not yet been such as to warrant any great reliance on their effectiveness to prevent lynching. It can scarcely be said that the remedy for lynching lies at present in the direction of additional State legislation specifically directed against it.

By many it is thought that a federal law on the subject would be most effective in the suppression of lynchings, and several bills have been introduced in Congress with this end in view.<sup>2</sup> On January 13, 1902, Mr. Crumpacker of Indiana introduced a bill in the House of Representatives for the punishment of persons taking part in the lynching of aliens. The bill was designed to cover cases similar to the lynching of the Italians at New Orleans and jurisdiction over such offenses was given to the federal courts, persons who had taken part in lynchings being disqualified from serving as jurors.<sup>3</sup>

Others would have Congress enact a law making all who lynch, whether the victims be citizens or aliens, and all who instigate, aid, abet or shield lynchers, guilty of a crime against the United States. In support of such a law it is urged that a lyncher could be as easily discovered and punished as a moonshiner, or a counterfeiter, or a mail robber; that if the object of our constitution is to insure domestic tranquillity, promote the general welfare and secure the blessings of liberty to ourselves and our posterity, it ought to include the power to punish those who defy the government established by the constitution and take life without due process of law; and that if it was worth while to amend the constitution to prevent the denial of the electoral franchise, it is also worth while to amend the constitution to prevent and punish the denial of justice.<sup>4</sup>

<sup>1</sup> *Atlantic Monthly*, February, 1904 (93: 155).

<sup>2</sup> See bills introduced during 57th Congress, 1st Session: Senate bill 1117; House bills 21, 4572.

<sup>3</sup> Congressional Record, 57th Congress, 1st Session, p. 636.

<sup>4</sup> See *Green Bag*, September, 1900 (12: 466).

A further ground for bringing lynching within the jurisdiction of federal courts and federal law is the fact that the lynching of an alien may involve the United States in international complications, although the federal government can take no action in the premises. Diplomatic intercourse was actually broken off between Italy and the United States during the controversy over the matter of an indemnity for the lynching of Italian citizens at New Orleans in 1891.<sup>1</sup> In a number of other instances foreign countries have successfully demanded indemnities from the United States through the Department of State for injuries done their citizens by mob violence. The following table gives the sums of money that have been paid to foreign countries since 1880 in the settlement of such claims.

INDEMNITIES PAID FOR INJURIES TO ALIENS. <sup>2</sup>			
Year when paid.	Country to which paid.	Locality where injuries were inflicted.	Amount of indemnity.
1887.....	China	Wyoming	\$147,748.74
1888.....	China	Pacific Coast	276,619.75
1892.....	Italy	Louisiana	24,330.90
1896.....	Italy	Colorado	10,000.00
1896.....	Great Britain	Louisiana	1,000.00
1896.....	Great Britain	Nebraska	1,800.00
1897.....	Italy	Louisiana	6,000.00
1898.....	Mexico	California	2,000.00
1901.....	Mexico	Texas	2,000.00
1901.....	Italy	Louisiana	4,000.00
1903.....	Italy	Mississippi	5,000.00
			<hr/> \$480,499.39 <sup>3</sup>

With the exception of the payment to China in 1887 "in consideration of the losses unhappily sustained by certain Chinese subjects by mob violence at Rock Springs, in the Territory of Wyoming, September 2, 1885," these indemnities have been paid "out of humane consideration, without reference to the question of liability therefor." While they have thus not been paid in

<sup>1</sup> New York *Tribune*, April 15, 1892.

<sup>2</sup> Some of these indemnities cover loss of property and bodily injuries as well as loss of life.

<sup>3</sup> See, in addition to New York *Tribune*, April 15, 1892, United States Statutes at large, 49th Cong., 2d Sess., ch. 253; 50th Cong., 1st Sess., ch. 1210; 54th Cong., 1st Sess., ch. 373; 55th Cong., 1st Sess., ch. 9; 55th Cong., 2d Sess., ch. 571; 56th Cong., 2d Sess., ch. 831; 57th Cong., 2d Sess., ch. 1006.



discharge of an express obligation recognized by the United States, there has been a moral obligation recognized and the federal government has felt it to be incumbent upon itself to redress grievances of this nature.<sup>1</sup>

It is a peculiar situation when the United States can thus be called upon to pay indemnities for lynchings and yet cannot take steps in the several States to prevent their occurrence and cannot in any way hold the State governments responsible. That this defect in the federal constitution should be remedied seems, from this standpoint, wholly desirable. It is very doubtful, however, whether such an object could be accomplished at the present time, and still more doubtful whether a federal law could be enacted and enforced against lynching at the present time, without reviving the sectionalism and many of the evils of the Reconstruction Period. When Senator Gallinger of New Hampshire offered a resolution in the 57th Congress that the Committee on the Judiciary be directed to make an inquiry into the subject of lynchings and to report whether there be any remedy for the evil, his reference to a recent lynching in a southern State was instantly resented by the senators from that State, and the course which the debate took upon the resolution made it apparent at once that an attempt to make such an investigation would be an unwise step. The matter was dropped by Senator Gallinger's making the request that the resolution lie on the table subject to his call.<sup>2</sup>

Of the numerous proposals that have been made for reform in the system of legal procedure in the United States, as a remedy for lynching, none is more noteworthy or fundamental than that put forward by Justice Brewer of the United States Supreme Court. He argues that men are afraid of the law's delays and the uncertainty of its results; that if all were sure that the guilty ones would be promptly tried and punished, the inducement to lynch would be largely taken away. He suggests, therefore, the taking away of the right of appeal in criminal cases as one means of checking lynching.<sup>3</sup>

<sup>1</sup> *American Law Review*, September-October, 1900 (34:709).

<sup>2</sup> See Congressional Record, 57th Congress, 1st Session, pp. 5902-5905, 5956, 6214.

<sup>3</sup> *Leslie's Weekly*, August 20, 1903; *Independent*, October 29, 1903 (55:2547).

While the law's delays in criminal cases are probably not so great as they are popularly believed to be, the popular impression being due to over-emphasis of flagrant cases,<sup>1</sup> still the fact that such an impression is a prevalent one makes it extremely easy for a community to countenance the summary and illegal punishment of the perpetrator of a crime which has been particularly shocking to the community, a crime for which many persons in the community really feel that no punishment can be quite adequate. A case in point is that of the lynching of George White, colored, at Wilmington, Delaware, on June 22, 1903. A refusal by the judges to grant an immediate trial on the ground that the accused could not then have a fair and impartial trial because of the excited state of public feeling, was publicly urged as a reason for the people taking the law into their own hands and "upholding the majesty of the law." The outcome was that White was burned at the stake and those who participated in the lynching were allowed to go free, the coroner's jury returning a verdict that the deceased came to his death at the hands of persons unknown.

It is in this way that the popular idea that the law's delays are so great as frequently to defeat the ends of justice, whether it have much or little basis in fact,<sup>2</sup> contributes to the continuance of the practice of lynching. If to abolish the right of appeal in criminal cases, or to limit it to a considerable extent, will further the ends of justice, as there seems to be good reason for believing that it will, such a step will have a tendency to check lynching by making void one of the excuses most frequently urged in extenuation of the practice. Lynching is a phenomenon in American society too deeply rooted to be destroyed by merely taking away the right of appeal in criminal cases, but that a measure will render less plausible a prominent excuse for its existence and continuance makes such a measure worthy of serious consideration.

The governors of several States have recently asked that they be given more power, and that more resources be placed at their

<sup>1</sup> See *Harvard Law Review*, March, 1904 (17: 317).

<sup>2</sup> On the work of the courts in the State of New York see Report of the Commission on Law's Delays, January, 1904.

command, in order that they may take the initiative both in preventing lynchings and in punishing lynchers. Something may be accomplished by granting their requests. During the fourteen years immediately preceding Governor O'Ferrall's inauguration there were sixty-two lynchings within the bounds of the State of Virginia, but during the four years of his administration there were but three, and in neither case was the chief executive in a position either to prevent the crime or punish the offenders.<sup>1</sup> The most hopeful sign at the present time is the stand which the governors and minor officers in a number of States, in the South as well as in the North, have taken against lynching.<sup>2</sup> Governor Vardaman of Mississippi, in his recent rather sensational rescue of a negro murderer from a mob,<sup>3</sup> has at least demonstrated the possibility of preventing lynchings and enforcing the law. Governor Jelks of Alabama and Governor Durbin of Indiana have not only been outspoken in their denunciation of lynchings but have taken active measures to prevent them. A number of sheriffs in various States have within the last two years prevented lynchings by courageously facing mobs and making it clear that they would defend their prisoners at the hazard of their own lives.

So long, however, as coroner's juries empanelled to inquire into the death of victims of lynching continue to render the verdict that "the deceased came to his death at the hands of persons unknown to the jury," and so long as it is true that the coroner's verdict commonly marks the end of all legal procedure

<sup>1</sup> *Review of Reviews*, March, 1898 (17:321).

<sup>2</sup> Governor Newton C. Blanchard, at his inauguration on May 16, 1904, at Baton Rouge, Louisiana, stated his position with reference to lynchings in unmistakable language. "Lynchings," he said, "will not be permitted under any circumstances, if it be possible for the military at the command of the Governor to get there in time to prevent them. And if they occur before the intervention of the Executive can be made effective, inquiry and investigation will be made and prosecution instigated. Sheriffs will be held to the strictest accountability possible under the law for the safety from mob violence of persons in their custody. . . . The courts are adequate to the prompt vindication of the law and the punishment of crime."—*Outlook*, May 28, 1904 (77:197).

<sup>3</sup> Governor Vardaman ordered out two companies of militia and went himself to the scene of the trouble in a special train, bringing the negro away in his private car, at a cost to the State, it was said, of \$250,000.—See *New York Times*, February 29, 1904.

with reference to the occurrence, it is not to be expected that sheriffs and jailors will hazard their lives in the protection of prisoners.<sup>1</sup> Prisoners are taken from officers of the law and lynched, not because the officers are cowards, but because they are in sympathy with the sentiment in the community which demands immediate punishment. The public sentiment revealed in the following citations is not found in isolated instances but is typical, although equal frankness of statement cannot always be secured.

A verdict rendered by a coroner's jury in Wayne County, North Carolina, in August, 1902, over the body of a negro rapist, read as follows: "We the undersigned, empanelled as a jury to inquire into the cause of the death of Tom Jones, find that he came to his death by gunshot wounds, inflicted by parties unknown to jury, obviously by an outraged public acting in defense of their homes, wives, daughters and children. In view of the enormity of the crime committed by said Tom Jones, alias Frank Hill, we think they would have been recreant to their duty as good citizens had they acted otherwise."<sup>2</sup>

In December, 1899, Richard Coleman, a negro ravisher and murderer, was burned at the stake at Maysville, Kentucky. In response to a letter from the governor of the State, asking for particulars, a Maysville lawyer wrote as follows: "The whole thing took place in broad daylight and in the presence of thousands. The parties to it are known, Mr. Lashbrook (husband of Coleman's victim) himself being the leader, but it will be fruitless to attempt any prosecution of them. The people of this community are as good as the people of any other community in the State, or, for that matter, elsewhere, and they are shocked, and, I may say, well-nigh paralyzed by this gruesome happening in their midst, but I am satisfied they will not take kindly to any attempt to hold the parties to the transaction to any responsibilities therefor."<sup>3</sup>

<sup>1</sup> Governor Jelks of Alabama, in his message of January 14, 1903, said in reference to the lynching in Pike County of a negro who was taken away from a constable: "His offense was probably swearing contrary to one of his white neighbors in a justice trial on a proof of character. This was a cold-blooded murder and without excuse at all. . . . The murderers go about. None of them will be hanged as they should be."

<sup>2</sup> *The News-Observer*, Raleigh, North Carolina, August 27, 1902.

<sup>3</sup> *American Law Review*, March-April, 1900 (34:238).

The only ultimate remedy for lynching is a strong public sentiment against it. It is necessary, in the United States particularly, to depend very largely upon public sentiment for the enforcement of law, and until there is a sentiment in every community where a lynching occurs, which will demand the punishment of those who take part in such lynching, it can scarcely be expected that sheriffs will risk their lives to protect prisoners, or that prosecuting attorneys, judges and juries will coöperate to secure the conviction of lynchers and to make them feel the full penalty of the law. A member of the Maryland bar, writing in 1900, said that less than a dozen lynchers had ever been tried for their crime and only one or two had been punished. The present writer has been able to obtain no information which would warrant the statement that as many as twenty-five persons have been convicted of a crime and punished for participating in the lynching of over three thousand persons in the last twenty-two years.<sup>1</sup>

From the greater number of indictments that have been secured against lynchers during the last two years it would seem that the practice of lynching is receiving stronger public condemnation now than formerly, but it must be remembered that the creation of a public sentiment on any subject is a slow process, particularly with reference to lynching. Lynching as a crime against society is not yet distinguished from lynching as the justifiable infliction of a deserved punishment by private citizens. Furthermore, it is difficult to create a public sentiment against lynching because of the racial antipathy which aggravates the evil in certain sections of the United States. Time will be required for the effectual application of a remedy for lynching. Any anti-lynching measures that may be adopted must be considered as palliatives rather than as remedies.

No single statute can be enacted which will put an end to the practice of lynching; nor is it likely that any single measure can be adopted which will effectually suppress lynching. Every measure which will tend to invalidate the excuses offered for the

<sup>1</sup> For a discussion of the problem of punishing lynchers and for some statistics with reference to the punishment of persons who participated in lynchings during the first six months of the year 1892, see paper by George C. Holt on "Lynching and Mobs," *American Journal of Social Science*, No. 32, p. 67 (November, 1894).

adoption of lynch-law procedure, every measure which will tend to prevent the commission of crimes provoking resort to lynch-law procedure, every measure which will tend to strengthen and maintain a popular reliance on legal procedure, every measure which will in any way tend to create a strong, uncompromising public sentiment against lynching, all of these must be adopted, if the practice of lynching is to be made a thing of the past in the United States.

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## NOTE.

The German government has issued a series of pamphlets regarding the operation of compulsory workingmen's insurance as a part of its contribution to the St. Louis Exposition. The five sections, of which four have been received at the time of going to press, relate respectively to

- (1) Origin and Social Meaning.
- (2) Statistics.
- (3) The Prevention of Accidents and Hygiene.
- (4) Workingmen's Insurance and Popular Health.
- (5) Workingmen's Insurance and Economics.

The tone of the publication is, if anything, more optimistic than that of a similar publication prepared for the Paris Exposition of 1900. The author, Dr. Klein, even goes so far as to say that social legislation is independent of the constitution of states, obviously forgetting that it required an amendment to the Swiss Constitution to permit of the introduction of a bill for compulsory workingmen's insurance in that country.

The statistics which are published in the second number include the year 1901 as regards sick insurance, but go as far as 1902 for accident and invalidity insurance. The general tendency to grow, which has been noticed in earlier figures, still exists. In 1901 the number of sick insurance agencies had risen to 22,770 with 10,319,564 insured (p. 7). Accident insurance was carried out in 1902 by 66 industrial associations with 7,100,537 insured, and 48 associations in agriculture and forestry with 11,189,071 insured. In addition to these, 793,150 persons were cared for by 481 public authorities (p. 8). In invalidity insurance exact figures for the number insured could not be obtained. The total expenditure for the three categories of insurance are given as follows:

Sick Insurance:

1885-1901—2,154,243,074 marks.

Accident Insurance:

1885-1902—1,170,648,451 marks.

Invalidity Insurance:

1891-1902—1,818,064,494 marks.

The accidents still show a tendency to increase. In 1901 the number of new cases arising in industrial and building occupations was 9.16 for every thousand insured. In 1902 this figure fell to 9.13, but the text says that an increase may be expected for 1903, since the absolute number of new cases will probably rise to 130,661 as compared with 121,284 in 1902. The duration of sickness shows the same tendency to increase, having risen to 18.18 days for all persons insured in 1901 as compared with 17.43 in 1900 (p. 29).

One misses in this compilation a number of interesting tables which were published in the volume prepared by Lass and Zahn for Paris in 1890, such as those relating to the distribution of accidents over the days of the week and the hours of the day, those showing the proportion of accidents due to the fault of the employer, of the employed, and of others, etc. But even with these omissions the sociological value of the figures is very great. In connection with this publication, mention should be made of a carefully prepared atlas showing in colored diagrams the various statistics of workingmen's insurance, and published as a supplement to the *Reichs-Arbeitsblatt* for June, 1904.



## BOOK REVIEWS.

*The Growth of English Industry and Commerce in Modern Times.*

By W. Cunningham, D.D., Fellow and Lecturer of Trinity College, and Vicar of Great S. Mary's, Cambridge. Cambridge: University Press; New York: The Macmillan Company, 1903—Part I, The Mercantile System, pp. xxxviii, 1-608; Part II, Laissez Faire, pp. xii, 609-1039.

When the first volume of this book was published in 1882, one volume in crown octavo was sufficient to contain the facts which the author had gathered to illustrate English economic history. The second edition (1890-1892) was practically a new work, filling two large volumes. Since then the first volume (Early and Middle Ages) has already been published in a third and revised edition, and now the second volume (Modern Times) has been brought out so much amplified that it has been necessary to bind it in two separate parts, though the continuous paging is still preserved.

During the past twenty years Dr. Cunningham has held a leading position among students of English economic history, and his *Growth of English Industry and Commerce* is still the standard work on the subject, without a rival in the field it covers. From the time before Domesday to the middle of the nineteenth century, there is not an important event in the growth of the English industrial organization to the history of which he has not contributed valuable facts and suggestive interpretations. Some limitations have been imposed on him by the great scope of his work. The reader feels sometimes that the facts presented to him, however novel and useful, are not the most significant facts that have been recorded on the movement that is being treated; he feels that the author has contented himself with indicating the existence of some movement and suggesting its character, when further investigation in scattered sources and further study of social philosophy might have enabled him to show more clearly its significance. Dr. Cunningham seems sometimes to be hurried from one point to another by the consciousness of the long road before him still to be traversed. He covers not only a great period of time, but also a great variety of phenomena, and follows his material sometimes instead of controlling it. He applies to the study of past economic phenomena the methods of a man trained rather in the old style narrative his-

tory than in modern economic and political theories. He lays more stress on facts, and less on the relations between facts. His work is more like that of the French than that of the Germans; he resembles Levasseur and Pigeonneau rather than Schmoller and Bücher.

For close study in certain topics, therefore, for what may be termed in no invidious sense a scientific treatment of the factors in social progress, the reader looks to other scholars than Dr. Cunningham. Some have already made more exact surveys in the great field which he has explored, and more will follow to correct and amplify his work. His book will be, however, for a long time to come, the starting point for further investigation; scholars will turn to it assured that the preliminary stages of their work have been accomplished for them by an author who has an acquaintance with the sources of English economic history that in its scope is unrivalled, and who has treated his material with admirable intelligence and impartiality.

The present volumes, Dr. Cunningham tells us, have been recast entirely; "hardly a paragraph has been incorporated in this edition without alteration, and the greater part of it has been more than once re-written." Comparison with the earlier edition confirms the exactness of this statement; every page shows the pains which the author has taken to improve the book by his long experience as investigator and teacher. New facts have been incorporated, and old ones of less value omitted; foot-notes have been promoted to the text, and parts of the text have been relegated to the notes. Some measure, though an inadequate one, of the additions is given by the fact that there are just two hundred pages more of text in this new edition than in the earlier. It must be the task of the reviewer to indicate, even though very briefly, the character of the changes.

In regard to the new material employed, the most important additions come from the printed Calendars of State Papers, from the Reports of the Historical Manuscripts Commission, from tracts and manuscripts preserved in the British Museum, and, in the recent period, from parliamentary publications. Miss Lilian Tompn has contributed a chapter on the policy of Burleigh, and has assisted in other parts of the work, and others of Dr. Cunningham's pupils and friends have given him help, of which he makes generous acknowledgment.

The division of the two volumes into parts, entitled *The Mercantile System* and *Laissez Faire*, suggests an emphasis on the great periods of economic policy which will disappoint a reader who expects to find a change in the author's method of treating the larger topics of organization. The titles are used merely as convenient labels for a chronological division, and the more general parts of the text, covering economic doctrine and the steps in the development of the organization, have undergone no very great change. Elizabethan policy, the period of the Restoration, Whig and Tory influences on economic policy, and the American Revolution have been, however, discussed at greater length and with new conclusions. It is a pity, that with other new authorities the author has not used Mahan, whose spirit would seem particularly congenial to that of some parts of the book. The sections on public finance have been condensed, and a considerable amount of new matter has been added on currency history, especially on the recoinages. On the subject of the poor there has been no very substantial change; the description of the earlier period of poor relief has been condensed, and new material has been added from contemporary tracts, from Miss Leonard's work, and from the Report of 1834.

The sections on commerce have been expanded considerably, embodying material gathered from original sources and the work of recent writers (Ehrenberg, Hunter, Willson, Lingelbach, Ashley, Hewins). More space has been given to the history of the great companies, to the discussion of their character, and to the narrative of the commercial struggle of England and other states. Dr. Cunningham takes issue with Hewins on the justification of the companies, and with Hunter and others on the economic significance of Cromwell's policy. There is more on colonial policy, on the English policy in Ireland, and on the navigation acts and their effect.

Treatment of the topics of the organization and regulation of manufactures has been greatly expanded and improved. The act of apprentices and the regulation of wages, the grants of monopolies and the rise of the patent system, show signs of careful revision. Especially important is the emphasis laid on the influence of capitalism in the development of the modern system. Dr. Cunningham does not follow Schmoller in his analysis of industrial development, he seems unfortunately unacquainted with Bücher's work, and does not cite Hobson. He has made a decided advance, however, in his discussion of this topic, and has added much new material from

public documents, and from recent writers (the Webbs, Gaskell, Galton, Unwin, Guest). In agriculture more attention is paid to the corn laws and grain trade, and several German books on the subject have been used to advantage. The statement on p. 540, that the statute 15 C. II c. 7 permitted grain export without restriction as to time and price, cannot be reconciled with the text of the law (Statutes of the Realm, 5:449). Dr. Cunningham is, in general, absolutely trustworthy in his field, and cautious about venturing from it, but he has made several slips in his treatment of American affairs. The United States could not have had free trade, whatever the outcome of Pitt's bill (p. 868); the medieval dislike of forestalling and regrating was deeply rooted in the colonists (p. 875); and the city of "Newhaven" was not destroyed by a ruthless raid during the Revolution (p. 672).

The appendices include new material on wages assessments, and on colonial policy and administration. Of the very greatest value is the bibliographical index, which comprises separate lists of collections of documents and official publications, of secondary authorities, and, finally, of contemporary authorities in chronological arrangement, covering twenty pages. This bibliographical index, which was prepared for the author by Miss Tomn, would alone make the appearance of the new edition an important event. The book has a form worthy of its contents, and is an admirable specimen of the publisher's art. The only misprints observed occur in footnotes: p. 3, a word omitted; p. 143, Ehrenburg; p. 634, Kornzolle.

C. D.

*A Guide to the Housing Acts.* With Appendices containing the Statutes affecting Housing, 1882-1903. By Arthur P. Poley, B.A., of the Inner Temple and Midland Circuit. London: Eyre & Spottiswood—pp. 409.

Special legislation in Great Britain dealing with the housing of the working classes dates from 1882, since when no fewer than ten Acts of Parliament have been passed conferring on municipal authorities powers for the compulsory acquirement of land and buildings and for borrowing money necessary for housing schemes. Mr. Poley confines himself to these laws and to the procedure under them of the municipal authorities and of the Local Government Board and Home Office. He gives the numerous decisions of the courts on the interpretation of the laws; but makes no attempt

even to summarise the work, which up to the present has been done by the local authorities. That phase of the subject, however, is well and adequately covered by the two handbooks to municipal undertakings which are issued annually by Mr. Robert Donald.

Mr. Poley's work is strictly a guide to the Housing Acts, and as a handbook kept within these well-defined limits it is admirable. He classifies the legislation enacted since 1882 into four departments—Improvement Schemes, Reconstruction Schemes, Municipal Lodging Houses, and Reconstruction Schemes by the undertakers of railways and other public works, who are compelled by law to furnish housing accommodation for people who have been dislodged by the carrying out of their works.

Improvement schemes are those which deal with unhealthy and congested areas, and are carried out by the municipal authorities in the larger centers of population. Under the law, an unhealthy area is one "within which any houses, courts, or alleys are unfit for human habitation, or where the narrowness, close, and bad arrangement or bad condition of the streets and houses, or the want of light, air, ventilation or proper conveniences, or any other sanitary defects are dangerous or injurious to the health of the inhabitants, either of the buildings or of the neighboring buildings." It rests with the medical officer of health—a duly qualified medical man whose tenure of office is during good behaviour—to determine in the first instance what is an unhealthy area, and in coming to his decision, he is to be guided by the prevalence of illness or the death-rate, by dampness or absence of sunshine and light, and by the narrowness of the streets, or insufficient air spacing. If the medical officer fails to report to the municipal council an unhealthy area, his attention can be directed to it by two justices of the peace or by his twelve rate-payers. If he still fails to take action, or if his report is unsatisfactory to the rate-payers, who have put the law in motion, it is open to them to appeal to the Local Government Board, which may order an examination and report by one of its own officers. When a medical officer has reported that an area is unhealthy, notices are served on the property owners concerned; and then follows a public enquiry by the Local Government Board. If the report of this enquiry supports the action of the municipal authority, a provisional order is made by the Local Government Board. This is confirmed by Parliament, with such modifications as it may choose to make, and the order thereafter has all the force of an Act of Parliament. It is open to the local

authority, when it has cleared the land, to leave it for building dwelling houses for the working classes. It may build itself; but in this case it is required to sell the houses within ten years of their completion. Working men's dwellings, under the Housing Acts, mean buildings suitable for the habitation of persons engaged in manual labor or earning less than thirty shillings a week. Until last year money borrowed for the purposes of the Housing Acts had to be repaid within sixty years. Under the amending Act of 1903, however, the term has been extended to eighty years. Money so borrowed, moreover, is not to be reckoned as part of the debt of a municipality in determining its debt limit.

Reconstruction schemes are applicable to sites which are too small to be dealt with under the law as to unhealthy areas. These are the only schemes which can be carried out by the District and Parish Councils as distinct from the larger municipal bodies; and under them the procedure is much simpler and less expensive than under the Improvement Schemes. Reconstruction schemes are applicable to buildings which are in a condition likely to be prejudicial to public health, in regard to which the local authorities have the power of demolition at the expense of the owner if he fails to put them in good habitable condition, or to pull them down if they are too far gone for repair.

Any local authority, except a parish council, has power to build, furnish, maintain and manage lodging houses. In the housing legislation, however, it is specially provided that no places are to be found in these lodging houses for men or women who are in receipt of poor law relief. Usually such accommodation is afforded by the municipality at little more than actual cost. Municipalities have power to supply such lodging houses with gas, and water free; but it has been the intention of Parliament that this semi-philanthropic work on the part of municipal authorities shall not supplement aid which may be received from the poor law guardians.

It is remarkable that while Mr. Poley's book covers the legislation from 1882 to 1903, there is no mention of the Small Dwellings Acquisition Act of 1899. This was the measure which Mr. Chamberlain carried through the House of Commons while he was Secretary of State for the Colonies. But, obviously, the Act of 1899 was never intended as anything more than a perfunctory fulfillment of an election pledge; and it is difficult to find any record of its having been put into operation by a single municipality.

Mr. Poley's treatise has been written for the guidance of members of municipal authorities in England. It should, however, be of service in this country as showing the steps that have been taken in England towards the solution of the housing problem.

EDWARD PORRITT.

*Heredity and Social Progress.* By Simon N. Patten. New York: The Macmillan Company, 1903—pp. 214, \$1.25.

This is a volume of theory. The author does not contribute any new facts to the common stock of knowledge either on the subject of heredity or on the subject of social progress. His aim is rather to work out a series of principles which shall correlate the theory of biological development with the theory of psychological and economic progress.

In brief, the argument runs as follows. Each generation accumulates certain economic goods. It can not hand over any appreciable portion of its material acquisitions to the next generation, but it may succeed in converting a certain portion of its surplus, if such exists, into characteristics which can be transmitted through heredity. The new characteristics, which are thus the real factors contributed to human progress, are at once biological and mental.

On the biological side the individual becomes more complex, develops new forms of tissue, especially nervous tissue, and acquires new energy. The new energy and the new tissue lead the individual either to react more vigorously on his environment and to make the environment useful to him, or else to seek new environments where his characteristics will be useful. It is to be noted that use does not give rise to the new tissues, but rather new tissue impels the individual to find new modes of activity. If there is no surplus of economic goods resulting in the development of new energy and new tissues, then natural selection sets in. Natural selection operates, by eliminating the weak, to fix and harden the typical characteristics of the strong. It settles the individual more and more in his present environment and blocks the wheels of progress.

The development of new energy and new tissue, on the one hand, or the limitation of progress through the operation of selection on the other, are directly connected with mental life. In order to account for this connection with mental life, the author works out a theory which is not easy to condense and which unfortunately

from its purely speculative character is not easy to subject to critical examination. Suppose it to be possible, he says, that consciousness is connected with every germ cell. When the unicellular being develops into a multicellular organism, a separation into two distinct groups of cells may be considered to take place. On the one hand, we have, if such a division occurs, the cells of the individual body; on the other hand, there will be the germinal cells which tend to break out of the individual body and produce other individuals. In any multicellular organism these germinal cells will be differentiated into true reproductive cells and nervous system, the nervous system representing in any given individual the germinal cells of a gender opposite to that recognized in the individual's reproductive organs.

With these germinal cells turned into a nervous system, the author begins his discussion of consciousness. Emotion destroys certain portions of the existing organization, reducing the individual to an earlier, less specialized state. Memory is the expression of the natural interrelations among the parts of the organism. From such a system of things, one may expect almost any formula to develop. And the reader will be satisfied in his most radical expectations. Idealism is, we are told, (page 100) "the activity of a disrupted despecialized center." Or again, (page 134) "after an embryo has gone through the fish stage, the outer organs of the fish disappear, but the psychic mechanism that moved these organs may remain. Advanced beings may then have fish thoughts—imitation, for example—without any visible fish organs."

It is hard to see what good ends can be served by such speculation. It is, of course, useless to say in criticism that biology knows of no such origin of nervous tissue, that emotion is not, as ordinarily studied, a process of disintegration, that memory is an entirely different process, at least in the thought of those who have studied it closely. Such negative assertions are mere statements of empirical conclusions in biology and psychology and do not relate to the realm of speculation in which the author moves. (Such statements do, however, justify the assertion that before the author's ideal of a correlated biology, psychology, and economics can be attained, heed must be given to the established facts of all these sciences. All three sciences have gone too far to make any system based chiefly on speculative possibilities important for any prolonged consideration.

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*Municipal Public Works; Their Inception, Construction and Management.* By S. Whinery, C.E. New York: The Macmillan Co., 1903—pp. xiv + 241.

This work is noteworthy in two particulars—(1) it is written by a man who speaks out of his own experience, and (2) it deals with general principles rather than with facts or conditions.

Mr. Whinery has an enviable reputation as a municipal engineer. He has met and solved with success the problems he treats and, therefore, speaks with authority. Nevertheless, his book deals primarily with principles, and he uses facts only to illustrate and enforce his proposition. The practical man who fully grasps the underlying principles of his work is rare—the one who grasps and is able and willing to meet it for the benefit of the public is still rarer. Mr. Whinery is the rare man and, out of the fullness of his experience, he has written with judgment and success.

Mr. Whinery's fifteen chapters may be grouped under the following heads:

I. Political and legal: including chapters on municipal organization; the department of public works; preparation for public works; awarding the contract and supervising the contractor; the construction of the works; the public control of private corporations operating public works.

II. Engineering: including the construction, maintenance, and repairing of public works.

III. Public economy: including the economic importance of public works; real economy and its tests; economical methods of raising revenue; uniform accounting in its relation to economy; comparative economy of municipal ownership and the private ownership of public works; and the relative economy of direct and contract work.

Notwithstanding the fact that Mr. Whinery is primarily an engineer, the most valuable parts of his work deal with the economic aspects of municipal public works. His chapter upon economy, real and false, while necessarily brief, opens an exceedingly interesting field of investigation. Using statistics from Bulletin No. 30 of the Department of Labor—he calls attention to the fact that the cost of cleaning and sprinkling paved streets varies from \$1.75 per 100 square yards in Milwaukee, to \$3.87 in Pittsburg. Part of this difference is undoubtedly due to difference in accounting and part to different standards of work. Yet so wide a difference in this and other cases can be accounted for only when the efficiency

of administration is considered. Again, take the case of the water supply, and, with the same economy of administration, a wide difference in cost may result from a difference in the method of payment. From a careful study of relative cost in several cities, Mr. Whinery concludes that "the general adoption of water meters would result in a saving of from five to seven millions of dollars per annum in the cost of supplying water." Pavement should not only be adapted to the kind and amount of traffic, but should not be wider than necessary to accommodate the traffic. Extra width not only costs more in construction, but entails constantly an unnecessary cost in maintenance.

Real economy can be secured most effectually by comparison of costs in various cities similarly situated. This necessitates uniform municipal accounting. In this the cities are far behind the modern corporation. Uniform accounts would also enable the cities to determine in a scientific way the relative economy of municipal ownership and private ownership of public service corporations. With the present system of accounts we are unable to determine accurately any of the mooted questions mentioned above.

Perhaps the most striking characteristic of the work is its fairness of statement and its judicial attitude toward controverted questions. This characteristic shows itself most markedly in the chapter on municipal ownership and public control of quasi-public corporations. On the whole Mr. Whinery inclines to the latter alternative, but contends that the municipal corporation granting the franchise "is a special partner and is entitled to an equitable division of the profits accruing."

Mr. Whinery states that his work is intended for inexperienced city officials and for the urban citizen, and that "the class of persons whose interests it is desired to enlist is composed largely of business men." The work ought not only to reach the above classes, but it might with advantage serve as the basis of college work in practical municipal administration.

MAURICE H. ROBINSON.

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*Principles of City Land Values.* By Richard M. Hurd. New York: The Record and Guide, 1903—8vo, pp. 159.

From land records and assessment lists of fifty cities, from local histories and old maps, and from personal observation and inquiry, the author has obtained a mass of material from which he has made some interesting deductions. He finds that the growth of

cities is rarely accidental, but conforms to ascertainable laws. In successive chapters he treats of the forces creating cities and determining their location, of their topographical characteristics, the directions of growth, distribution of utilities, currents of travel, buildings, rentals and average values.

The book is plain and direct in statement and is profusely illustrated. Of its 159 pages, 130 contain pictures or maps. But the maps and photo-engravings certainly form a valuable part of the treatise and furnish convincing evidence of the saneness of the author's observations.

Some of the influences that determine city land values are most subtle, and though apparently trifling, are often of much importance. In the shopping district the side of the street which is shaded from the sun during the part of the day in which women shop is more advantageous for the display of goods. This fact gives an increased value to land on the shady side, which becomes worth from 20 per cent. to 40 per cent. more than on the sunny side of the same street. The author is keenly alive to such conditions, and he makes a careful analysis of the way in which each force operates in determining the resultant value of the land.

Nor are all these forces commercial or economic; social considerations have a place in creating values for residence property. The author summarizes the matter in these words, "the contrast should be noted that business property is selected by the man from an economic standpoint, and residence property by the woman from a social standpoint."

It is scarcely a treatise on economics, for it devotes almost no space to the discussion of the arguments of former writers, but it cites specific cases from the development of many cities, and points out certain fixed principles of growth which underlie all alike.

The book has in it little of the doctrinaire. While it is a most useful handbook for persons charged with the care or development of city realty, its value is by no means limited to that class of readers.

CHARLES E. CURTIS.

New Haven, Conn.

*Prehistoric America. The Mound-Builders, their Works and Relics.* Second edition. By Rev. Stephen D. Peet, Ph.D. Chicago: Office of the American Antiquarian, 1903—8vo, pp. xiv + 344.

In his Introduction, the author announces that as the first edition appeared "just before the 400th anniversary of the discovery of America, at a time when especial interest was awakened in the his-

tory of the country," so the present edition is issued coincident with the Louisiana Purchase Exposition. It may be well to recall that, while the "Louisiana Purchase" is limited to the western half of the great Mississippi Valley, the Mound-Builders once occupied the entire valley. Those who have not time to read the numerous special publications on the subject would profit by a perusal of Dr. Peet's work before going to the World's Fair this summer. St. Louis is in the midst of the Mound-Builder's country; is, in fact, the site of a series of mounds. The largest pyramid mound in the United States is on the banks of the Cahokia Creek, only about twelve miles east of St. Louis, and is easily reached by trolley. It is surrounded by scores of mounds, many of which are as interesting as the great mound itself. Some of these have recently been disfigured by borings for oil, the prospectors mistaking the work of the Mound-Builders for that of subterranean forces. The author devotes an entire chapter to the Cahokia Mound.

Some of the other topics treated are: (1) Distribution of Mounds; (2) Mound-Builders and the Mastodon; (3) Sacred enclosures of Ohio; (4) Migration of the Mound-Builders; (5) Village life and the Mound-Builder's cultus; (6) Race question; (7) Defensive works; (8) Religious works; (9) Symbolic carvings; and (10) Burial Mounds viewed as monuments. The latter are grouped geographically into: I, The upper Mississippi district, including the burial mounds from the Des Moines River northward as far as Lake Winnipeg; II, The Wisconsin district, characterized by the emblematic or effig mounds; III, The region of the Great Lakes, including Michigan, northern Ohio and New York; IV, The middle Mississippi district (Illinois, Missouri and part of Iowa); V, The Ohio River district; VI, The Appalachian district, including western North Carolina and eastern Tennessee; VII, The lower Mississippi district, and Texas; and, VIII, The Gulf district (Gulf States east of the Mississippi).

The volume is indexed and fully illustrated by 307 text figures and 52 plates and maps. Reference from text to illustration is made difficult by the fact that but few of the figures and none of the plates and maps are numbered.

G. G. MAC CURDY.

Yale University.

*A History of England.* By Charles M. Andrews, Professor of History in Bryn Mawr College. Boston: Allyn & Bacon, 1903—pp. xx, 588.

Teachers of English history in high schools and colleges have long been looking for a manual contrived to illustrate the important facts of their subject in a volume of moderate compass. They have been compelled in the past to choose either a book too big to be satisfactorily covered in the time allowed, or manuals which were of convenient size, but of which none could satisfy a teacher who wanted to be neither crammer nor story-teller.

This volume by Professor Andrews is decidedly better than any of its predecessors. It bears evidence of the modern tendency away from annals of kings and wars toward social history, but it was written by a scholar who has worked both in economic and in political history, and who knows that the value of either is obscured to most readers, unless the two sides of social development are treated in their relations to each other. Professor Andrews has had the courage to make over the whole subject of English constitutional and political history to a new scale; the work of reconstruction must have been laborious, but should be justified by the value of the results when the book is put to the practical test of class-room use.

The reader will note from the very start that the time-honored traditions of text-book arrangement have been discarded. Less than two pages are given to British history from the stone age to the German settlements, and by the condensation of the usual narrative of the period before the Norman conquest space is gained for an exposition of Anglo-Saxon institutions which is admirably intelligible. The book bears witness throughout to the independence of the author in the apportionment of space, and though the scheme appears sometimes open to criticism (the scantiness of the notice given to the poor laws can scarcely be defended), it wins generally hearty approval. The author has made no attempt to popularize the subject through appeal to the emotions or through the use of anecdotes to hold the attention, but the style, if serious, is simple and direct, and seems suited to the comprehension of students even of high-school age.

Besides a good selection of illustrations the book contains fourteen colored maps, a score of genealogical tables, a full chronological table, an index and an excellent bibliographical apparatus. Brief footnotes indicate at appropriate points in the narrative original

documents available in source books ; a bibliography with concise appreciations of many of the books is appended to each chapter ; and an eight-page list is given of books suited to use as a school library for collateral reading.

C. D.

## RECENT LITERATURE.

A new economic journal, the first number of which was issued in March, 1904, has made its appearance under the title "Revue Economique Internationale." It is published in Brussels by J. Goemaere, and is edited by Pierre M. Olivier, *directeur*; Léon Hennebicq, *rédacteur en chef*; Georges DuBois, Maurice DuVivier, Léon Guinotte, *membres du Comité*. The principal articles in the first number are by Emile Levasseur, who also heads the list of founders and the list of scientific patrons; by Gustav Schmoller, Sir Vincent Caillard, Winston S. Churchill and Armitage Smith. The journal is printed in French, but the articles are preceded by an English summary, which would perhaps be a time-saving arrangement for English-speaking readers, were the work more accurate.

"Money and Credit," by William Aldrich, noted in our February number, vol. XII, p. 444, has since then appeared in a revised edition by the Grafton Press in New York. In fact, the first edition was at once superseded by the latter, which is the only one that has been put on the market. It differs from the first chiefly in a revision of the chapter on the "quantity of money."

One of the results of the work of Drs. Wortman and Wieland at Yale has been the appearance of a new edition of "Where Did Life Begin?" by Gilbert Hilton Scribner (Scribners, N. Y., 1903). The first edition was printed twenty years ago, and received considerable notice; as the new edition contains practically no change, its appearance is to be regarded somewhat as a vindication of the preceding one. The line of argument is clear and simple, and has for its outcome the establishment of a polar origin for life on earth. A long list of extracts from the press-reviews of 1883 and 1884, and an appendix containing letters from Asa Gray, Prof. Dolbear and Drs. Wortman and Wieland are included in the volume, which is a fine piece of book-making. A paper by Dr. G. R. Wieland on Polar Climate in Time the Major Factor in the Evolution of Plants and Animals (from the Amer. Jour. of Science, xvi, Dec., 1903) came with the foregoing monograph to the reviewer.

"Völkerkunde," a posthumous work of Dr. Heinrich Schurtz (Leipzig u. Wien, 1903), is little more than an elementary account of physical anthropology, anthropogeography, philology (from the ethnological standpoint), etc., together with a good deal of rather diluted culture-history. An attempt at race-discrimination, which is likewise elementary, follows, and the little volume closes with some

practical directions for work in the field of ethnology. The book is of little value either in the library or the classroom. It forms the sixteenth number of *Die Erdkunde*, edited by Klar.

The twentieth annual Report of the American Bureau of Ethnology (for 1898-1899; Washington, 1903) contains, in the report of its former director, a continuation of the somewhat whimsical treatment of human society begun in a preceding volume. In the present installment we find "Technology or the science of industries," "Sociology or the science of institutions, Philology or the science of activities designed for expression," and "Sophiology or the science of activities designed to give instruction." The accompanying paper, by W. H. Holmes, deals with Aboriginal Pottery of the eastern United States, and is, like all the work of the author, of great significance. It is fully illustrated and will form no slight addition to the already great services of the Bureau in the dissemination of knowledge concerning the American aborigines.

The publication, in an English translation, of an important portion of Wilhelm Roscher's "*Kolonien, Kolonialpolitik und Auswanderung*" (the Spanish Colonial System, Henry Holt & Co.), supplies a need much felt by instructors in American history and in colonization. Apart from the light which this masterly essay throws upon the earlier character and life of Colonial Spanish America, it affords an insight into the principles which Roscher followed in his treatment of colonies and colonization in general. His work in this field is insufficiently known; it would, if better known, serve as a corrective of much crude and ill-justified reasoning and assertion in regard to national expansion, colonization, etc. We could wish for an English translation of the whole treatise, but are highly appreciative of the "Spanish Colonial System" here rendered more widely available.

Volume IV of the serial publication "*Natur und Staat*" is represented by the title '*Natur und Gesellschaft, Eine Kritische Untersuchung der Bedeutung der Descendenztheorie für das soziale Leben,*' and is by Albert Hesse, of Halle. The author disposes of a number of "Vorfragen" of a rather metaphysical variety, but the bulk of his work is scientific in nature, and bases its conclusion on not a few interesting statistics of mortality, disease, etc. Like practically all the rest who have written upon the subject in such a way as to deserve any attention, Hesse believes there is danger of degeneration in the human type as a result of the cessation of a pitiless selection; but he regards it as a distant danger whose consequences may be largely averted by rational means.



Students of Philippine affairs will find their labors greatly facilitated by the publications of Dr. Pardo de Tavera's extensive critical bibliography of the islands (*Biblioteca Filipina*; Library of Congress, Washington). Many of the 2,850 numbers are accompanied by descriptive and critical notes of much interest, often lighted up by the personal views of the author.

A "List of References on Chinese Immigration," by Mr. A. P. C. Griffin, is constructed to meet a popular demand, and is avowedly for the general inquirer rather than the special investigator. Besides a short list of books and magazine articles, there is included a series of references to debates reported in the Congressional Record. The best and most complete treatise here represented is probably the far from recent one of Frederick Ratzel, "*Die chinesische Auswanderung*" (Breslau, 1876).

Dr. George L. Scherzer's "*The Evolution of Modern Liberty*" (Longmans, Green & Co., New York) is a meritorious investigation of the genesis and development of the theory of natural rights, and in particular of the inter-relations of the American State Bills of Rights and the French Declaration of the Rights of Man. The long-standing commonplace that the American Declaration of Independence echoes the doctrines of Rousseau is once again and effectually exploded, but it will still survive in the glib generalizations of half knowledge.

Dr. J. Franck Bright at last completes his accurate and useful *History of England*, begun nearly thirty years ago, with a fifth volume covering the years 1880-1901 (Longmans, Green & Co., New York, 1904). One is impressed with the multiplicity of interests filling up modern English political history and the variety of knowledge exacted from the historian, so that one will be lenient toward such a slip as the assertion, p. 206, that Mr. Cleveland's threat in his *Venezuela Message* "proved fatal to his own re-election." The Boer war is accorded relatively full treatment, some thirty pages, and the volume closes with a suggestive survey of the "Characteristics of the Age."

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- State of New York. *Department of Labor Bulletin*, No. 21. June, 1904.
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COMMENT.

*Some Effects of Periodicity in Elections; The Abolition of War.*

**S**TUDENTS of our political system generally recognize the importance of a strong opposition. Whatever his party affiliations may be, a fair-minded man must concede that in a rapidly developing community there will be differences of opinion, even among the wise and the virtuous, regarding questions of public policy. It is hardly to be expected that all of the best people will belong to one party. Not infrequently one and the same party changes its attitude on public questions without giving up either its name or its identity. It is through debate and discussion that the people are ultimately enabled to reach a decision, and in such a debate it is very important that the two sides shall be argued with nearly equal ability. If there is a great disparity in the orators and in the political managers, the wrong side may win simply through the overwhelming cleverness of its advocates. It is no reflection on the party which has been in the minority during the greater part of the last forty years to say that it has often failed during that time to come up to the highest requirements of an opposition party. It has not always been united on important questions of the day. Its leaders have sometimes followed lines of policy in which they were not able to carry the rank and file. The fire of their oratorical guns has often been ineffective. Certainly they have not succeeded in controlling any one branch of the government as often as might be theoretically desirable under a system of



party rule, in order to prevent the majority party, or that which is in control during the greater part of any one period, from becoming over-confident and under-scrupulous.

Plenty of special reasons could be assigned to account for this result. The fact that a large section of the democratic party supported the secessionist cause in the civil war naturally discredited that party, when that war resulted in its defeat. But this would hardly account for the protracted eclipse of a party, long after it has ceased to advocate the doctrines in question. Another reason that might be alleged is that the democratic party commonly contains widely divergent elements. It counts in one wing men of essentially aristocratic instincts; in the other, men who are nothing if not democratic in the extreme sense of the term. It contains idealists and materialists. It contains those who are naturally conservative and those who are as naturally radical. But this does not fully explain the situation, for this fact itself demands explanation. It is not common in other countries to find conservatives and radicals, aristocrats and democrats, grouped together under one banner.

One constant fact, which accounts in part for this situation, is that our political contests are periodical and not occasional. We are obliged under the constitution to go through a presidential campaign once in four years, whether there is any *casus belli* between the parties or not. Our political duels are like the *Bestimmungsmensur* of the German students. But as the dynamic events which press for decision and involve a real difference of opinion arise at irregular times, it is only by chance that the occurrence of a real issue happens to coincide with a political campaign. A commercial crisis, e. g., is one of the events which are likely to raise questions of fiscal or commercial policy. Yet of the great commercial crises which have occurred since the war, one only, the crisis of 1884, occurred in a presidential year, and that was coincident with a change of party supremacy. The Spanish war might naturally have led to a sharp cleavage, but it occurred in the middle of a presidential term. The events connected with the recognition of Panama were the subject of sharp criticism, but the president was secure in his tenure of office for two more years. The adoption of the gold standard in 1900 occurred before the opening of the campaign.



When a public question has once been settled, especially a question which involves an international treaty or the adoption of a standard of value, it is clearly difficult to reopen it. Possession is nine points of politics as of the law, and the presumption is generally against resurrecting an issue, even though we may think that it has not been properly decided. The result is that in many, though, of course, not all, cases the opposition is forced to become a critic of the past rather than an advocate of a positive policy for the future. This is always a distinct disadvantage, partly because mere criticism does not appeal strongly to the average voter, and partly because there is not the same possibility of rallying recruits to the opposition that would be presented, if it were felt that something positive could be accomplished. This helps to account for the strength and persistency of party bonds. Those who have habitually voted with the republicans continue to do so, even though they may disapprove of many points in the republican policy, because they do not see any positive means of bettering things. Those who have commonly voted with the democrats continue to do so from a sense of opposition to the republicans, even though they know that their views on many questions may differ widely from those of some of their fellow democrats.

Under our constitution there seems to be no easy method of escape from this condition of things. The president cannot dissolve congress, and congress cannot force the president to resign. The result is, however, not altogether disadvantageous. The system promotes conservatism in our institutions, and prevents radical changes. This fact helps to account for the slow development of a strong radical party. We have, of course, the framework of a socialist party, indeed, we have at present two quite distinct and hostile socialistic parties in the United States. But it cannot be said that they have become strong enough, or are likely soon to be strong enough, to make themselves felt. We have radical men in the ranks of the trade unionists, but even they are much less radical than the corresponding group in Australasia and England. The strongest of the radical parties of late years has been the populist party, but that has not thus far succeeded in seriously influencing the national policy.

In other countries in which the parliamentary term is comparatively long, such as England, Germany, and France, an opportunity is always offered by the dissolution of the legislature for bringing an important question to the immediate test of popular approval. Hence people are more apt to be grouped according to their real opinion on some burning question, and political feeling may be more intense than in a country in which party lines are more strictly drawn. The very fact that a man votes with a party as a matter of tradition, must diminish the intensity of his political feeling, since he must frequently find that, while agreeing in the main with his party, he differs from it on some points.

Another result of the system of periodical elections is that questions are often given an opportunity of settling themselves in the intervals between the contests for the control of the presidency and of congress. This has been to a certain extent the case with the question of the monetary standard. Twenty years ago the "battle of the standards" was still fiercely raging in the ranks of the economists, and there was a difference of opinion no less acute between the advocates of the free coinage of silver in the United States and the advocates of the *status quo*, for at that time there were comparatively few public men who had the hardihood to advocate the gold standard pure and simple. The international bimetallicists ranked as the conservatives in monetary questions. The purely theoretical question as to whether or not it would be possible for international bimetallicism to work, that is, whether a group of powerful nations by agreeing upon the free coinage of gold and silver at a certain ratio could control the market price of the metals, has never been settled by anything like a unanimous vote of economists. Nor has there really been a fair opportunity to submit the practical question of the free coinage of silver to a popular vote, other questions always having been combined with it in political campaigns. But the fact that the adoption of the gold standard has been attended by a great increase in the production of gold, has simply undermined the interest in the discussion of the bimetallic theory, while the existence of something like a gold inflation has lessened the popular demand for silver inflation.

Our estimate of the significance of the recent Peace Congress at Boston and of the second Peace Conference which is to meet in response to President Roosevelt's call, will vary greatly, according as these efforts to reduce the evils of war are considered as effect or as cause. As an effect of nineteenth century evolution, which has brought within the range of public and international discussion so many matters that used to be left unconsidered by the world's rulers, these peace movements are perfectly intelligible. They are hopeful signs of the spread of popular education and of public interest. Whether, on the other hand, they will have any great success in accomplishing their chief aim, the maintenance of general peace, is another matter. There seems every probability that the second Peace Conference will follow the path of the first and will resolve itself into a war conference, which will define more strictly the rights and duties of belligerents, and which will provide machinery for adjusting the minor differences between states, but which will postpone to an indefinite future the era of universal peace.

Secretary Hay showed a curious misconception of the cause of war, when he ascribed it to moral failings, and prophesied that peace would come with the ethical regeneration of mankind. A striking feature in many recent wars has been the strong conviction held on each side that it was fighting for the right, and the battles have been all the fiercer, because moral qualities have been shared nearly equally between the combatants. The cause of war lies not in weak morals, but in weak intellects; men will agree on principles, but they cannot be brought to agree on facts. Let us assume that two peoples are struggling for the control of a vacant spot on the earth's surface, that each believes its type of civilization to be superior, and believes that the world will benefit by its expansion; each side will fight with the unselfish devotion of one who feels that he holds the world's good in trust.

It may even be asked whether, in this present age, it seems possible or desirable to do away with war. The technical improvements of the past few generations have enormously increased the productive powers of some of the more civilized nations, and have given each a surplus to do with it as it wills.

Each spends its surplus in varying proportions: part for short-sighted pleasures, part for increase in material comfort, part for spiritual improvement. In the variety of type resulting, each thinks its own the best. Facing the civilized nations, and now first accessible to their influence and control, are vast tracts of the earth's surface inhabited by peoples who will receive the impress of culture from one or the other type. Culture will spread through devious channels; it will be brought by traveller, trader, missionary, and settler; but to deny that the chief directive influence is of a political kind is to close the eyes to a fact of human nature known since the days of Aristotle. It is of supreme importance, therefore, that the directive influence should be exercised by the states most competent to guide the world in the line of greatest progress. Who is there competent to decide their rival claims? Will the French resign theirs because of the weakness shown in their stationary population? Will the British resign theirs because of recent indications that they are falling behind in technical ability? Will the Russians retire from the competition when foreign scholars tell them that their cherished *mir*, the institution which they assert will regenerate the world, is really a worn-out relic of the past? We can conceive of no human tribunal so august that people would dare entrust to it the determination of such grave questions. The race demands of the states who would lead it in its progress that they give some pledge of their ability and their sincerity, that in case of need they stake life itself in support of their convictions.

We are in little danger of forgetting the evils of war. Statisticians gloat over the losses in men and money, and the apparent diversion of expenditure from objects of civilization to objects of barbarism; and moralists draw the obvious lessons. It is well that peace conferences and congresses should keep these evils before our minds. Nevertheless, we must also realize that war is often a necessary agent of civilization; and that without it the Anglo-Saxons would not have conquered Britain, the Normans would not have civilized the English, and the English would not have developed the free institutions which render peace congresses possible to-day.

## WHY THERE HAS BEEN NO FINANCIAL CRISIS.

WHY has not the collapse of the huge financial "boom"—which began in the United States between 1897 and 1899, and culminated between 1901 and 1903—been followed by the panic shock and prolonged trade depression which we are taught to look for after the bursting of such bubbles? This question is the more interesting, in that many intelligent bankers, merchants, and financial critics, predicted that precisely such a series of phenomena must follow. Not only, indeed, did they predict this unpleasant sequel, but they put their houses in order by way of preparation for it. They had in mind such modern instances as the London panic of November, 1890, and the four-year stagnation in English trade which followed the breakdown of the "industrial" mania and the Argentine bubble; our own overwhelming collapse of 1893 and the hard times of the three ensuing years, as a sequel of the currency inflation "boom" of 1890; Germany's bank panic of 1900, and its chapter of hard times in the three ensuing years, when the joint-stock company craze, which went to so extraordinary lengths in 1897 and 1898, had suddenly reached its limit. No one of these three periods of company promotion, stock speculation, inflation of values, and extravagance in living, will bear comparison, for the magnitude of its phenomena and the sudden violence of its development, with the recent financial "boom" in the United States. At most, the extravagances of the English, American, and German episodes between 1888 and 1897 represented abnormal and unwholesome expansion on lines already familiar in the financial and industrial markets. The phenomena in the American markets of 1899, 1900, and 1901, were as novel as they were portentous. A borrowing community, long dependent on foreign capital, was turned, in the course of two or three years, into a community which was lending to all the outside world. A nation which in 1895 was offering unprecedented inducements to English and continental

bankers to rescue it from suspension of gold payments, was in 1900 taking huge blocks of new British war loans directly from the Exchequer. In 1893, and again in 1896, the American market was either defaulting on hundreds of millions worth of obligations held by foreigners, or offering new obligations of the sort at 10 per cent., or thereabouts, of their previous valuation; in 1901, our agents were buying up British ocean steamship lines at prices so high that the managers of those enterprises, in their subsequent shareholder's meetings, asserted that they had not regarded themselves as entitled, in executing their financial trust, to refuse such dazzling offers.

Along with these wholly new excursions of American capital came the capitalizing and re-capitalizing of domestic enterprise on a scale which previous periods of inflation had never considered possible. In 1895 and 1896, railway stocks were issued in reorganization of bankrupt concerns, and purposely increased enormously in quantity so that capitalists who subscribed for the rehabilitation of the wreck, or who scaled down their mortgage lien upon the property, might have abundant paper securities to show for it; yet in 1900 and 1901, these same stocks sold at prices which many of them had not reached, on the old basis, in a dozen years before the crash. One of these stocks, quoted on the Stock Exchange in 1896 at one-fourth or twenty-five cents per share, was bid for in 1901, by competing financial interests, with such eagerness that the supply (\$80,000,000 in all) was cornered and the price per share driven up to \$1,000.

While this was happening, there was abundant evidence that the Wall street community as a whole was swinging from its moorings. In banking circles, previously noted for their conservatism, it became a commonplace doctrine that conditions were so radically changed, in American industry and finance, that precedent of the past need no longer serve as either guide or warning. A crop failure occurred, and from the same quarters the assertion was freely made that the country's prosperity was no longer bound up with agriculture. Manufacturing companies were combined, through purchase of their stock at extravagant valuations, into single corporations; then half a

dozen of such corporations would be bought up and combined on a similar inflated basis; the whole outfit would then be recapitalized, the shares offered at high valuations to the public, and banking syndicates hired, at an extraordinary cost, to guarantee and effect the sale. One of these syndicates, which put up \$25,000,000 cash to manipulate the market for the "billion-dollar Steel Trust's" stock, afterwards wound up its operation with a net cash profit of 200 per cent. Men of ordinary wealth, who had happened to be engaged in industries where such amalgamations were in progress, found themselves made millionaires over night; they, in their turn, dazzled by their unexpected fortune, threw into stock speculation the money which they could see no other way of using. The public eventually lost its head along with the leaders, and one of the wildest speculations in the American market's history began. It reached such proportions as to supersede almost all other topics of interest and discussion in the streets and business offices; speculative buying on the Stock Exchange was so enormous (3,200,000 shares in a day, on one occasion) as to cause, without exaggeration, the physical breakdown of the Stock Exchange membership which had to execute the orders. Meantime, popular feeling regarding the rise in prices grew so violent that the banker or financial writer who endeavored to sound a note of warning was a mark for general denunciation. This is a strictly accurate, and not at all over-colored, account of the famous "boom" of 1901.

The speculation collapsed, and it collapsed, most appropriately, at the moment when it was found that buyers of the stock of one of the largest railways in the country had purchased contracts to deliver to them more of that stock than was actually in existence. In the crash that followed this memorable "Northern Pacific corner," the scales fell with bewildering suddenness from the public's eyes. It was discovered, first, that a very great part of these inflated valuations rested on mere paper, and measured, not sober estimates of present profits, but the buyer's hope or imagination as to what the long future would bring forth. Where stocks had been bought at high figures, simply on the assumption that other companies would buy them at still higher

prices, it was now discovered that these other companies had relied on the speculative craze to procure the public's money in order to effect such purchases, and that the Stock Exchange panic had shut the avenue to such resources. Simultaneously, another and still more startling discovery was made. One principal basis of the public's financial optimism had been the country's "foreign credit balance." Our abnormally heavy export trade between 1897 and 1901—partly a consequence of European harvest failures in the face of abundant crops at home, and partly of a foreign industrial craze which strained our entire capacity for manufactured exports—had heaped up these foreign credits to a total reckoned in Wall Street at not less than \$200,000,000. But hardly had the stock market collapsed in May, 1901, when it suddenly developed that our amalgamating and speculating bankers had borrowed from Europe such extraordinary sums that not only had the "credit balance" totally disappeared, but had been replaced by a floating debt to the foreign markets, fully as large as the pre-existing credit.

Alarmed by the excesses of our financiers and by the panic which followed them, these foreign bankers now called in the loans as they matured. Repayment placed a heavy strain on American capital; it came, moreover, simultaneously with abundant foreign harvests and with collapse of Europe's industrial "boom"; so that the very props on which we had based our original position were pulled out. The country exported gold, at a season when it normally should have been importing it. Finally, in 1903, the domestic bank position was so far weakened that these institutions could no longer protect syndicates which had bought up stocks of the new combinations, with the purpose of selling at a profit to the public. As the banks called in their loans in self-defence, the syndicates were driven into the open market, where they sold, at whatever prices they could get, not only the new securities which they were carrying on speculation, but all the high-grade investment stocks and bonds which they held in their personal reserve. At the same moment, during 1903, the new industrial structures themselves began to totter. The largest of them, the United States Steel, stopped dividends on its common stock; another, the Consolidated Lake



Superior, capitalized for \$100,000,000, went into bankruptcy because it could not borrow \$5,000,000 in the market; a third, the United States Shipbuilding, with a capital of \$45,000,000, and backed by well-known Wall Street financiers, broke down with a confession of fraud and humbug so extraordinary as to turn the episode into farce. Still other combinations of the sort not only stopped dividends, but assessed their shareholders for working capital to avert financial embarrassment. Naturally, prices throughout the financial markets broke with great violence; shrinkage in values, within a twelve-month, running to 40 or 50 per cent. in the active Stock Exchange securities.

The story of this episode belongs to what Wall Street—which looks to the present and the future, not to the past—describes as “ancient history.” I have reviewed it here, however, because it shows a resultant situation which, at first glance, would appear to foreshadow financial crisis. Yet, as we can now assert with confidence, no such crisis has ensued. Numerous weather-signs, familiar in a financial panic, were visible for a time, but they have not left the mark on the community which might have been expected. We have had the crash on the Stock Exchange; a year of halting business and reduced trade profits; bank failures occurred in three important American cities; large corporations, notably the railways, came into the market to sell bonds for immediate necessities, and found the market shut against them. The largest of these companies were compelled to borrow at exorbitant rates on their short-time notes, and the amount thus borrowed exceeded \$150,000,000—a financial phenomenon which, taken by itself, recalled the panic days of 1893 and 1873, as the other phenomena recalled all of our panics. Yet the solvency of the companies was never questioned, and they are now in a fair way to discharge these floating debts. The bank failures were sporadic, and in every case connected with some peculiarly flagrant violation of good banking; and in fact, none of the failures was of the first importance. As for the stock market, the extreme depression of 1903 has been followed by a revival of investment interest, under the stimulus of which prices, in the present autumn, have risen to a level 30 or 40 per cent. above the low figures of a year ago.

At the same time, evidence of recovery in general trade has come distinctly into sight again. In short, people who looked for the kind of reckoning that business panic brings for financial excesses, have had to revise their calculations. The prediction of conservative watchers of American finance at the present time, both at home and abroad, is for better times. It is quite  
\* in order, then, to ask how, having indulged in all this financial recklessness, we have managed to escape the financial penalty. Has the old rule of cause and effect in financial movements failed to operate, or were we mistaken about the situation in 1901?

Neither conclusion would be correct. The first step to take, in analyzing the situation, is to distinguish between a financial and a commercial crisis. Financial crises occur on the Stock  
\* Exchange and investment markets, and are in the main confined to them. A commercial crisis means deranged and disordered general trade. The excesses of promoters and speculators bring the penalty of violent reaction and heavy loss to  
dealers and holders of securities involved in the speculative bubble; but the consequences do not necessarily extend very far beyond such quarters. When, however, the commerce and industry—what we call the “general business”—of a country has been conducted on lines of reckless experiment, then the resultant disaster will involve an entire community. The panics of 1837, of 1857, and 1873, in this country, are typical cases of commercial crises. No one of the three was primarily a Stock Exchange convulsion. Speculation in land—the conversion, on an enormous scale, of floating capital into fixed—was a characteristic of the period preceding each. Rash expansion of mercantile ventures into new communities; long extension of commercial credit where it was easy to over-rate the consuming market’s possibilities; great accumulation of merchandise, and equally great stimulation of manufacturing output, based on  
\* expectation of orders rather than on orders in hand; the financing of such operations by the banks, through the loan of their deposits on a narrow margin—these were the noteworthy phenomena of 1872, as they were of 1856 and 1836. When the cord snapped, banks, merchants, and manufacturing estab-

lishments went down in a common wreck. Credit was largely destroyed throughout the country. Legitimate enterprise could no longer command the capital which wholly illegitimate undertakings had enjoyed, a few months before.

This was not the story of the so-called panic of 1884, however, and it was not the story of the reaction of 1903. The unanimity with which each of these two episodes was described as a "stock panic," a "Wall Street crash," drew the distinction properly. During the huge upheaval of values on the Stock Exchange, in 1899, 1900, and 1901, mercantile trade was conducted on lines of exemplary conservatism. Banks, in their mercantile relations, were as cautious as the merchants; an unusually large part of the business of the country was conducted on the basis of capital, not credit. The result was, that when the topheavy structure of Stock Exchange values tumbled, and Wall Street began to predict severe depression in general trade, the prosperous merchants and consuming communities could not understand what was meant. They took in sail immediately—their ability to do it, and the promptness with which they did it, being evidence of their sound position. What they found, however, at the end of another season, was that they had drawn in needlessly far. The reviving activity in general trade to-day is largely a consequence of the smallness of ready stocks of merchandise, in the face of a very slightly diminished autumn demand.

It is not altogether an accident that this should have been true of 1903 and 1884, when it was not true of 1893 and 1873. Professor Sumner puts the familiar question, in his "American Currency"; why "we go on in this way, with a grand crisis only once in twenty years, while the oldest and most prudent nations have one every ten years"; and he answers: "The explanation no doubt is, that the future which we discount so freely honors our drafts on it." The answer is correct, though it is not complete. Something must be allowed for the growth of a new generation in our business community; the death or retirement of the merchants and bankers who learned in a previous era of depression to distinguish the real from the unreal, and the replacing of them by men to whom the '93s and '73s

are merely legend. But Professor Sumner's explanation may be applied instructively to the present episode, and may be extended by reference to the fact that, not only did the future promise to honor a good part of the drafts upon it, but that the real resources of the present were sufficient to endure the strain put upon them. Not only had the country as a whole not indulged in the reckless borrowing operations which marked the exploits of Wall Street, but it occupied a position where reduction of debt was easy. In this regard, the reaction of 1903 resembled that of 1884, not those of 1893 and 1873. It was the "ten-year panic," not the "twenty-year grand crisis" of Professor Sumner.

This fact may be proved in several ways. First, the troubles of 1893 and 1873 were greatly aggravated by the fact that, outstripping our own resources of capital in the real development of industry, we had borrowed enormous sums from Europe through the sale of the stocks and bonds representing such development. When the hour of panic approached, the foreign capitalist sold back these stocks and bonds; they had to be paid for instantly; our market was unable to redeem them, and insolvency was the consequence. The crisis of 1901, on the contrary, had been preceded by a period in which redemption of these very evidences of debt had been continuous. In 1899 and 1900, we had so far repurchased our stocks and bonds from Europe, that the every-day comment of the foreign markets was the scarcity of American shares upon them. The debt was redeemed at fancy prices, but it was redeemed. Therefore, when the speculative structure collapsed in 1901, the deluge of returning American securities which marked 1893 and 1873 was necessarily absent. Values crumbled and losses on the Stock Exchange were enormous; but they were individual losses, and they fell on shoulders able to bear them without facing bankruptcy. Put in another way, the shrinkage of paper values in 1903 was merely the restoration of a *status quo* which had existed prior to the paper inflation of values in 1899, 1900, and 1901. It is true, a floating debt popularly estimated at \$200,000,000 had to be repaid to Europe. But it did not have to be repaid at once, as would have been the case had Europe thrown

our securities on the market. It consisted of time loans, which, moreover, were guarded by an abundant reserve of capital. This is one reason why the great liquidation of 1903 was known in observant Wall Street as the "rich men's panic."

This situation would not have been possible but for the very exceptional real prosperity of the country; and contributing to that prosperity were five important influences whose conjunction was most unusual. The coincidence of abundant grain harvests here, during 1897, with European harvest-failure, is familiar. What could not easily have been foretold, however, six or seven years ago, was the fact that the world's consumption of grain had increased so rapidly that even Europe's return to normal harvests could not satisfy the demand. This is a dominant influence to-day. Quite aside from our agricultural prosperity, came a remarkable development in manufacture, and on perfectly sound lines. The country learned, in the hard school of experience after the panic of 1893, the lesson of economical manufacture. This had been hardly learned, when Europe's "industrial boom," from 1898 to 1900 inclusive, caused a demand for manufactured goods for which Europe's producing facilities could not provide. The result was that manufactured exports, which in 1895 made up  $23\frac{1}{8}$  per cent. of the country's outward trade, in 1901 contributed  $31\frac{5}{8}$  per cent.—this in the face of the immense expansion of agricultural exports. Where we sent out \$183,500,000 manufactured goods in 1895, the value of the 1900 export was \$433,800,000. This was a perfectly sound development. We lost the two advantages of cheap raw materials and of abnormal European demand when, in 1901, our own prices rose and Europe's industrial reaction grew severe. Our manufactured exports, since then, have fallen to the \$403,600,000 of 1902. In the fiscal year 1904, they rose again to \$452,400,000, and made up  $31\frac{1}{2}$  per cent. of the country's total exports. This was a consequence largely of the uneconomic policy of cutting prices on export goods while holding up domestic prices; but it showed at all events an immense producing capacity, which is able to meet foreign competition.

Despite the reckless over-capitalization of manufacturing combinations, the country's industry as a whole was not inflated, and was not recklessly entangled in debt. Merchants and

manufacturers did not do a speculative business. This was the contemporary testimony of the trade advices, but it is further proved by the bank returns. In the period from the opening of 1889 to the opening of 1893, national bank loans rose from \$1,704,000,000 to \$2,159,000,000, an increase of 26 per cent., while cash reserves rose from \$283,000,000 to \$313,800,000, or only 10½ per cent. Between the spring of 1871 and the spring of 1873, national bank loans expanded \$145,000,000, or 28 per cent.; but cash reserves in the same period actually decreased \$19,000,000, or upwards of 11 per cent. On the other hand, between September, 1897, the beginning of the famous "boom," and September, 1901, loans of this country's national banks had increased from \$2,025,000,000 to \$3,018,000,000—an expansion of nearly 50 per cent. But at the same time, cash reserves had risen from \$346,600,000 to \$539,500,000, or 55 per cent., and the gain had been continuous.

There are two other essential reasons why the penalty for our financial excesses of a few years ago has been relatively slight. One is, the absence of a currency complication; the other, our remarkably advantageous position, at the present time, as an agricultural state. There has been some disposition, among financial critics, to cite a third cause in the decade's great increase in gold production. This third phenomenon may have had a hand in the movement of financial events, five or six years ago; it undoubtedly has had much to do with freeing this country from the ex-currency-agitation incubus. But it must be remembered that, since England and the Transvaal locked horns in October, 1899, there has been an outright embargo on a good part of this annual supply, and that it is since that time that our own financial expansion has been greatest. The influence of the other two factors mentioned admits of no doubt whatever. At no time, during the financial alarms of 1901 and 1903, was any bank depositor ever concerned as to the worth of the currency in his hands. What part such misgivings played in 1873, and 1857, and 1837, all students of financial history are aware.

It will also be recalled, of 1893 particularly, that the period was one of agricultural depression. Over-production of neces-

saries of life there can never be, in the strictest sense, so long as a large part of the community, able and willing to labor, goes ill-clothed and ill-fed. But production of such necessities may, and at intervals unquestionably does, increase more rapidly than does the world's power to buy and use them. The result is poverty of the grain and cotton producer, debt if he has engaged in his work on insufficient capital, and disaster if his creditor is compelled by his own emergencies to require immediate payment. It is needless to point out the aggravating influence of such a situation, in a producing country, at a time of financial reaction. It was the most serious element in the situation of 1893, both financially and politically.

The present state of things, in that regard, is in all respects the reverse of what I have just described. With the two great agricultural staples of this country, wheat and cotton, there is now undoubted "under-production," in the sense that for several years the world has not produced as much as could be profitably sold. With wheat, the problem of to-day is, how the consuming world is to be fed, this coming year, unless at exorbitant prices. With cotton, we have been confronted, this past year, with a situation which, to the cotton-consuming world, was a serious crisis. High wheat prices are undoubtedly a handicap to the prosperity of the laboring communities of our cities, and the prohibitive price of cotton, last spring, was a blow to a very important American industry. But to the great population of our Eastern and Southern agricultural States, the story is altogether different. What this year is described as a short crop of wheat would have been called a full crop in 1893, and is sold at extremely remunerative prices. Even last year's cotton crop, which was marketed at the highest prices reached since resumption of specie payments, was larger than any picked in this country up to 1897, and the crop of the present season, coming to maturity with spinners' stocks depleted throughout the world, promises the largest yield in the country's history. These elements in the industrial situation, in a nation where agriculture is still the foremost industry, are of the first importance. They point out the foremost element of real prosperity in the existing situation. It is as an agricultural producer that the United States is to-day enjoying a period of

renewed prosperity. It is not an accident that other grain-exporting states, such as Canada and the Argentine Republic, are enjoying similar good fortune, or that exchange of checks at the banks since the opening of this year—a safe measure of business activity—while decreasing 15 per cent. from last year in the East, should have held their own throughout the Western States and increased 10 per cent. in the South.

I have reviewed briefly the several causes which seem to me to have operated in checking the tide of reaction which seemed to be in progress a year ago in American finance, and which then appeared to be so logical a consequence of previous excesses that consideration of its probable results caused misgiving to many intelligent observers. The longer future is not so clear. The peculiar circumstances which combined to cause the country's prosperity, half a dozen years ago, exist to-day only in part. Cost of materials and cost of living are very high; they were comparatively low in 1898. Europe is not an urgent buyer of our commodities, except grain and cotton, which it cannot do without. It is also an open question, to what extent the mass of new securities, issued between 1898 and 1901, has found permanent lodgment with investors, and to what extent the community still suffers from the waste of wealth involved in the reckless experiments of that time. These are considerations which the future will have to test. They cannot be entirely obscured by the fact that a widely-expected financial crisis did not materialize, and that the past year's curtailment of trade left supplies of merchandise so far reduced that recurrence of a normal demand, this autumn, caused an unlooked-for revival of activity. Nor, from a broader economic survey, does the demonstrated strength of the present position prove the likelihood of similar immunity from the penalties of future financial extravagances.

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## THE INTRODUCTION OF THE LINOTYPE.

**I**N 1887, typesetting was essentially the same art as in the sixteenth century. While other branches of the printing trade had been revolutionized, the compositor had not advanced in his processes beyond the point he had reached four hundred years before. Probably no other handicraft employing such a large number of persons underwent as little change during this period, so full of industrial reconstruction. Since 1890, machine composition has been rapidly supplanting typesetting by hand. The machine is still constantly encroaching on the field of the hand compositor, but the period of introduction may be properly considered as concluded with the year 1900. By that time, the craft had adjusted itself to the new conditions and the future trend of events could be foreseen with some clearness.

It is the purpose of the present study to estimate the displacement of labor due to the linotype<sup>1</sup>, to describe the policy pursued by the union printers with reference to the machine and the economic effects of the machine on the workmen engaged in the trade, and finally to examine how far the policy of the International Typographical Union may be successfully adopted by other trade-unions during periods of machine introduction.

The displacement of hand compositors by the introduction of the linotype may be estimated with some accuracy and will afford an index to the industrial disturbance involved. The following table gives the number of linotypes manufactured in the United States and Canada for each year from 1887 to 1903:

<sup>1</sup> There are several kinds of typesetting and typecasting machines, but the Mergenthaler linotype has exercised such a predominant influence that attention may be confined to it without danger of serious error. According to the returns made by local unions to the Secretary of the International Typographical Union, the total number of typesetting and typecasting machines of all makes in operation, on January 1, 1904, in union and non-union offices within the jurisdiction of six hundred and twenty-five local unions, was 7,129, and of these 6,375 were linotypes. The proportion of linotypes was probably not quite so great outside the territory covered by the Typographical Union, but the correction required would not be very great.

1887.....	55	1896.....	757
1888.....	66	1897.....	510
1889.....	57	1898.....	636
1890.....	57	1899.....	566
1891.....	69	1900.....	714
1892.....	288	1901.....	661
1893.....	568	1902.....	757
1894.....	890	1903.....	891
1895.....	1,076		
		Total.....	8,618

Of the 8,618 machines manufactured, somewhat less than five hundred have been shipped out of the United States and Canada and an approximately equal number have been destroyed by fire or otherwise put out of use. About 7,500 linotypes were in operation in the United States and Canada on January 1, 1904.<sup>1</sup>

The average rate of composition on the linotype at the present time is estimated by competent authorities at between 4,000 and 5,000 ems per hours. The rate of hand composition does not exceed 1,000 ems per hour on the average. A linotype operator is therefore able to set as much in one hour as a hand compositor does in four. Assuming that the 7,500 machines are in operation the same number of hours each day as hand compositors formerly worked, the possible displacement of hand compositors to January 1, 1904, may be reckoned at 30,000. Two modifications must, however, be made in this calculation. In the first place, many linotypes are worked by two or three shifts of operators.<sup>2</sup> The number of machine operators in the United States, operating 7,129 machines of all makes, within the jurisdiction of the International Typographical Union on January 1, 1904, was 10,604, or approximately 150 per cent. of the number of machines.<sup>3</sup> If allowance is made for this fact, the estimate of possible displacement is increased to 45,000 hand compositors. Some deduction must be made from this total on account of the reduction in working hours. The hand compositor worked on the average about ten hours per day, while linotype operators do not average more than eight hours.<sup>4</sup>

<sup>1</sup> The officials of the Mergenthaler Linotype Company have kindly supplied data on which the above estimate has been based.

<sup>2</sup> See *The Typographical Journal*, February, 1904, p. 212.

<sup>3</sup> *Idem.*

<sup>4</sup> See page 265 for the data on which this calculation is made.

Deducting 20 per cent. for this cause, we may finally estimate the possible displacement of hand compositors at 36,000.

The actual displacement has been far less than the possible displacement. A large part of the 7,500 linotypes would never have come into use if the economies incident to their operation had not been so large as to lead to an increase in the amount of printing done. There is no practicable method of separating the displacement occurring at the outset from that later apparent displacement due to expansion of the market. An examination of the table on page 252 leads, however, to the conclusion that the years 1894, 1895 and 1896 were marked by a large amount of actual displacement of hand compositors.<sup>1</sup> The rapid introduction of machines in these years resulted chiefly from the desire of newspaper publishers to reduce the cost of composition. A considerable part of the more moderate increase of machines since 1896 has been due to an increasing demand for the product of the machine.

Even, however, during the earlier period, there is evidence that the displacement was not nearly so great as the estimate of possible displacement would indicate. The following statistics compiled from a report made in 1895 by Mr. Wm. Ferguson, Secretary of the New York Typographical Union to the New York Labor Commissioner, throw considerable light on this point.<sup>2</sup>

Number of offices included in investigation.....	15
Number of linotypes in use.....	293
Average number of ems set on a linotype in an hour.....	3,445
Number of printers employed before the introduction of machines.....	1,512
Number of substitutes employed before the introduction of machines...	396
Number of printers employed after the introduction of machines.....	968
Percentage of decrease.....	36

The figures given include the whole working force of printers, many of whom on account of the character of their work were entirely unaffected by the machine. It appears that 293 lino-

<sup>1</sup> Additional evidence to this effect is found in the many complaints of displacement contained during these years in *The Typographical Journal*, the official journal of the union printers. These decrease greatly after 1896.

<sup>2</sup> Annual Report of the Commissioner of Labor of the State of New York, 1895, vol. 1, pp. 370-372.

types displaced 544 printers. The actual displacement in these offices in the initial stage was therefore at the rate of less than two printers for each machine.

This difference between the possible displacement of hand compositors and the actual displacement of printers in the early period was due to several causes. First and most important was the practice of putting men already at work as hand compositors in charge of machines. The 229 machines were manned by from 300 to 400 journeymen printers. The displacement of hand compositors was therefore much greater than the displacement of printers. Also, the speed of the machine operators was less than it is at present. The average number of ems set per hour, it will be noted, was found to be 3,445. The present rate of 4,000 to 5,000 ems was attained only after a considerable part of the operators had been some years at the machine. New operators in most cases reach the present average rate only after some years of practise.

Although the great increase in the demand for the machine product naturally came after the machine had been somewhat generally introduced, even in the introductory period the cheapness of machine composition led to an increase in the amount of composition done. For some years prior to the introduction of the linotype, the practice of using "plate matter" had been growing among newspaper publishers, the high cost of hand composition having forced the publishers to the use of an undesirable substitute. The extension of this practice had been for many years a frequent occasion of friction between the publishers and the local unions of the International Typographical Union. The low cost of linotype composition caused in most machine offices an entire abandonment of the use of "plate matter," resulting in an immediate increase of printers' work. Also, the producing power of the composing room was increased in order to secure a greater effectiveness during the last few hours before going to press.<sup>1</sup> Editors cancelled machine-set matter with much less reluctance. To a casual observer, the composition of a newspaper would appear an unpromising field for the operation of the law of elasticity of demand, but the common

<sup>1</sup> See below, page 265.

experience of printers and publishers indicates that in numerous ways the cheapening of the cost of composition acted as an immediate stimulant to the demand.

In the second period, roughly designated as beginning with the year 1897, consumers shared more largely in the economy of production resulting from the use of the linotype. The larger profits of newspaper publishers led to strong competition which partly took the form of an increase in the size of the newspapers. The linotypes installed for this purpose did not displace hand compositors, but on the contrary enlarged the field of employment for those printers who could learn the operation of the machine.<sup>1</sup> In the book and job trade, the cheapening of the product through competition caused an enormous increase in the amount of composition done. As early as 1896, the *American Bookmaker*, a trade journal, naïvely complained that "employing printers foolishly give to the public advantages which should accrue to them. . . . It is probably safe to suggest that not one in ten of those who have adopted typesetting machines are making any more net profit than they did when all of their type was set by hand."<sup>2</sup> The result has been that since 1897 an expanding demand has more than offset the displacing power of the machine.

A large percentage of the hand compositors affected by the introduction of the linotype were members of the International Typographical Union. While this union enjoys the distinction of being the oldest national organization of trade-unionists in the United States, the subordinate unions were until recently almost independent of the national body. About 1888 the national body began to absorb power from the subordinate unions, and this movement has gone on slowly to the present time. To a considerable extent, therefore, the policy of the printers with reference to the machine was determined by the

<sup>1</sup> The general opinion among printers and publishers appears to be that, in those newspaper offices which introduced linotypes about 1895, by the year 1900 the number of printers employed was as great as it was before the introduction of linotypes. See on this point, Report of Industrial Commission, vol. vii, p. 279 (Testimony of Mr. Donnelly, President of the International Typographical Union).

<sup>2</sup> Quoted in *The Typographical Journal*, vol. 8, p. 204.

local unions. So large, however, were the interests evidently at stake that local unions followed certain general lines of policy laid down by the national conventions and advised by the national executive board.<sup>1</sup>

- \* At the thirty-sixth annual session of the International Typographical Union held in Kansas City in June, 1888, a resolution was adopted that "the International Typographical Union favors the recognition of such [typesetting] machines," and "recommends that subordinate unions . . . take speedy action looking to their recognition and regulation, endeavoring everywhere to secure their operation by union men upon a scale of wages which shall secure compensation equal to that paid hand compositors."<sup>2</sup> At this time less than 100 machines were in operation in the United States and Canada, and the greater part of these were being run experimentally.

By the time the session of 1889 was held, the growing importance of the question led to the formulation of the union's policy in a general law, controlling the action of all subordinate unions. With unimportant changes in phraseology, this law has remained in force. In its original form, it read as follows: "The International Typographical Union directs that in all offices within its jurisdiction where typesetting machines are used, practical printers shall be employed to run them and also that subordinate unions shall regulate the scale of wages on such machines."<sup>3</sup> Curiously enough, the printers were at first reluctant to operate the machines and at the thirty-eighth session resolutions were adopted urging "that members of subordinate unions should learn to operate . . . machines wherever in use."<sup>4</sup>

By June of the next year, 1891, when the thirty-ninth annual session of the Typographical Union was held, the delegates were

<sup>1</sup> The evident necessity for the adoption of a common machine policy has been a powerful influence in hastening the movement toward centralization in the Typographical Union.

<sup>2</sup> Report of Proceedings of the Thirty-Sixth Annual Session of the International Typographical Union, p. 181.

<sup>3</sup> Report of Proceedings of the Thirty-Seventh Annual Session of the International Typographical Union, 1889, p. 91.

<sup>4</sup> Report of Proceedings of the Thirty-Eighth Annual Session of the International Typographical Union, 1890, p. 153.

convinced of the grave importance of the machine question. In February, the subordinate union at Indianapolis had sent two of its members to New York to investigate at first hand the working of machines. The committee found that operators on the improved linotype were able to produce an average of 3,000 ems per hour, and believed a speed of 4,000 ems possible. They recommended that wages for operators should be on a time scale and that the hours of labor should be shorter than those prevailing for hand composition.<sup>1</sup> The report of this committee, published both as a pamphlet and in *The Typographical Journal*, exercised a large influence on the convention held in the following June. At that session a special committee on typesetting devices recommended "that a weekly or time scale be adopted for the operation of machines," and "that the hours of labor upon them be reduced to the lowest possible number—eight hours being the maximum."<sup>2</sup> It was urged that a time scale was more equitable than the piece system on account of the newness of the work and the consequent difficulty of estimating the average output to be expected. The demand for a reduction in hours was based on the ground that "the work upon machines was of a more exhaustive character mentally and physically than hand composition." The recommendations of the committee were adopted and became binding on the subordinate unions. The strong feeling in the craft for local autonomy secured the repeal of these two laws at the session of the International Union in 1893,<sup>3</sup> but they became the basis for practically all wage scales formed and the great majority of linotype operators work at the present time on a time scale and have an eight-hour day.

The machine policy of the union was evidently based on the requirement that the machines should be operated only by journeymen printers. This rule had two distinct parts. In the

<sup>1</sup>Typesetting Machines. Report of an Inquiry into Their Merits and the General Situation surrounding them, made by Typographical Union No. 1, Indianapolis, Indiana.

<sup>2</sup>Report of Proceedings of the Thirty-Ninth Annual Session of the International Typographical Union, p. 196.

<sup>3</sup>Report of Proceedings of the Forty-First Annual Session of the International Typographical Union, p. 201.

first place, it asserted the claim that the operation of the machine was printer's work. Important as this part of the rule was in minimizing displacement, it involved no break in the former practice of the union, and in effect was simply an extension of jurisdiction over machine operators. A different phase of the law was the prohibition against the operation of the machine by apprentices. The uniform custom of the International Typographical Union hitherto had been to consider any of the work in a printing office proper for an apprentice.

There has been a slow movement toward the incorporation of machine work in the regular training of the apprentice. In 1893, it was provided that "apprentices may work on machines in the last year of apprenticeship, who shall be paid two-thirds of the wages of regular operators until their time of apprenticeship shall have expired."<sup>1</sup> This rule was anomalous in two particulars; it restricted the time of learning the machine to a part of the apprenticeship period, and it formulated a wage scale for a class of apprentices. In both respects, the regulation was entirely opposed to the former practice of the union. The increasing use of machines and the rapid displacement of hand compositors led at the next session of the International Union to a reaction and to the withdrawal of this slight concession. The new enactment provided that "indentured apprentices may work on machine during the last six weeks of apprenticeship, providing they receive the scale of the subordinate union."<sup>2</sup> As very few apprentices in the printing trade have been indentured during recent years this modification of the prohibition was not important.

By a law passed at the national session of 1899, "regularly employed apprentices in machine offices" were "privileged to practise on machine during all of the last three months of their apprenticeship."<sup>3</sup> Since the product of apprentices who "practised" on machines could not be used by the employer,

<sup>1</sup> Proceedings of the Forty-First Annual Session of the International Typographical Union, p. 200.

<sup>2</sup> Proceedings of the Forty-Second Session of the International Typographical Union, p. 31.

<sup>3</sup> Report of the Proceedings of the Forty-Fifth Session of the International Typographical Union, p. 50.



while any other part of their output had a market value, not many employers were likely to put apprentices during working hours at "practising" on machines. An apprentice by virtue of the law might, however, acquire a small amount of knowledge out of working hours. It was not until 1903 that the union printers were willing to permit the machine product of apprentices to be used. The session of 1903 enacted that "regularly employed apprentices shall be privileged to work on machines during all of the last three months of their apprenticeship and the learners' scale shall apply to such apprentices."<sup>1</sup> This small relaxation was proposed and strongly urged by the executive committee of the International Union.

The Typographical Union has been actuated by two motives in the enactment of legislation prohibiting the operation of machines by apprentices. The members felt strongly that as far as possible the opportunity to learn the new devices ought to be restricted to the displaced hand compositors. The apprentices had far greater adaptability than the displaced men, who, in a great majority of cases, must learn the machine or quit the trade. The slight modification in the restriction of machine work to journeymen is due to the passing of the early stage in the introduction of the machine. The printer who was displaced by the machine has either found his place in the trade or has abandoned it for some other occupation. The maintenance of the rule in its present form is due to the strong fear that machine work may fall into the hands of men who are not printers. If the Typographical Union were fully convinced that the operation of machines was neither practicable nor profitable except by journeymen printers trained in the trade as a whole, there would be no reason for the continuance of the restriction on the operation of machines by apprentices.

In order to facilitate the policy of manning the machines with printers, the subordinate unions found it necessary to provide for journeymen an opportunity of learning the new device. Since a linotype operator produces for the first few weeks only a small amount of matter, employers required some concessions

<sup>1</sup> Report of Proceedings of the Forty-Ninth Session of the International Typographical Union, p. 110.

in wages during this period. The unions, usually after conferences with employers, formulated what are known as "learners' scales." The wages paid under these scales was lower than the regular wage for operators and the period of apprenticeship was limited. The International Union left the decision as to the terms of "learners' scales" entirely to the subordinate unions, except that from 1896 to 1898 the period of apprenticeship was fixed at two months.<sup>1</sup> The local unions showed themselves for the most part keenly alive to the importance of securing for their members a knowledge of the machine. The formulation of a "learners' scale" obviated the necessity of bringing expert operators from other cities and in so far as this was accomplished avoided the friction which would have resulted from the transfer of operators from one city to another.

So important did the avoidance of local displacement appear to the union printers that they attempted in 1894 to strengthen the hands of local unions by a general law, which required that "members of a subordinate union employed in an office at the time of the introduction of machines shall have preference as operators, one expert operator being allowed."<sup>2</sup> This law only remained in force a short time. An appeal against its enforcement was taken to the International President by an expert operator who maintained that his rights as a member of the union were thereby infringed. President Prescott in the case of Wandress vs. San Francisco Typographical Union, No. 21, sustained this contention on the ground that the law was a violation of the constitution of the International Union, under which a member with a traveling card is entitled to the "friendship and good offices" of any union to which the card may be presented.<sup>3</sup> Mr. Prescott was careful to point out that the rights of a traveling member would not be abridged where an employer "of his own volition or at the instigation of any person or persons decided to receive no application for situations until those who were working in his office had been given an oppor-

<sup>1</sup> Proceedings of the Forty-Third Session of the International Typographical Union.

<sup>2</sup> Proceedings of the Forty-Second Annual Session of the International Typographical Union, p. 38.

<sup>3</sup> *The Typographical Journal*, vol. 8, p. 301.

tunity to show their ability or inability to manipulate machines."<sup>1</sup> The burden of avoiding local displacement was thus placed entirely on the subordinate unions and in the great majority of cases, agreements were concluded with employers by which their old employees were retained as machine operators.<sup>2</sup>

Several of the larger local unions went further in their anxiety to meet the demand for skilled operators. Machines were bought or rented and members were permitted to practise on them.<sup>3</sup> The introduction of machines was undoubtedly much facilitated by the constant efforts of the unions to supply the needed operators. The unions were actuated by a keen desire to control the machine and the fear that if the printers did not furnish the operators, they would be secured from some other source.

The subordinate unions frequently had to deal with propositions to decrease the scale for hand composition in order to enable employers to meet the competition of the machine. This matter was entirely within the jurisdiction of the subordinate unions, but the officials of the International Union strongly advised against any attempt to keep the machine out by cutting down the price for hand work. In his address to the forty-second annual session, Mr. Prescott said "Those familiar with the productiveness of machines are agreed that hand work cannot begin to compete with them, and it is therefore futile to attempt to stay the tide of their introduction by a reduction in the scale unless we are prepared to suffer level decreases amounting to 40 to 50 per cent., and at that figure a better living could be secured at almost any unskilled avocation. A serious reduction in the rate of hand composition is sure to affect the machine scale also."<sup>4</sup> Notwithstanding this eminently sane

<sup>1</sup> *Idem.*

<sup>2</sup> Some unions pursued a less far-sighted policy by refusing to grant reasonable "learners' scales," vide *The Typographical Journal*, vol. 6, No. 2, p. 3. The officials of the International Union constantly impressed upon the locals the necessity of securing for their members an opportunity to learn the machine.

<sup>3</sup> *The Typographical Journal*, vol. 6, No. 3, p. 7.

<sup>4</sup> Report of Proceedings of the Forty-Second Annual Session of the International Typographical Union, p. 3.

advice, as the hand compositors saw themselves displaced, some of them turned to their only weapon of defense—competition with the machine.<sup>1</sup> One method was for a group of compositors to form a partnership and furnish matter ready set to publishers at a price as low as that formerly paid for composition in the publishers' offices. The compositors paid their own rent, their fuel and light bills, as well as the cost of type. The scale of the union was thus underbid by its own members. Another practice much in vogue in small cities was for a number of displaced compositors to print on a coöperative plan a small newspaper. Assisted by the sympathy of the community, they were able in some cases to make a living wage.<sup>2</sup> The unions in common decency could hardly deal harshly with such covert methods of competition, but the union scales for hand composition were rarely lowered for the purpose of competing with the machine.

Of direct opposition to the introduction of the machine, there was practically none. Occasionally a small union refused for a time to make a scale for machines, but the International Union steadily discountenanced such a policy, and since the subordinate unions could not legally declare a strike without the sanction of the executive board of the International Union, they were soon persuaded to adopt a different line of conduct.<sup>3</sup> The Kansas printers were able to keep the machine out of the State printing office for a time by political influence.<sup>4</sup> But in general, the printers acquiesced in the new order of things without a struggle.

During the years 1894-1896, many printers were unable to secure work. The depression of business intensified the distress occasioned by the introduction of the machine. No safe estimate can be made of the extent of unemployment among printers at this time, but some indication is furnished by the fact that the Germania Typographia, the national union of the

<sup>1</sup> *The Typographical Journal*, vol. 6, No. 22, p. 1. *Idem*, vol. 10, p. 251 and p. 342. *Idem*, vol. 11, p. 304.

<sup>2</sup> *The Typographical Journal*, vol. 6, No. 5, p. 7 and No. 20, p. 3.

<sup>3</sup> Proceedings of the Forty-Third Session of the International Typographical Union, p. 27.

<sup>4</sup> *The Typographical Journal*, vol. 10, p. 453.

German printers, with a membership of about 1,300, paid \$17,262.50<sup>1</sup> in out-of-work benefits during the fiscal year 1893-1894. Twenty per cent. of its members were unemployed in October, 1893.<sup>2</sup> The proportion of unemployed among the members of the Typographical Union was not nearly so large, but it was undoubtedly very great.

The International Typographical Union has never paid an out-of-work benefit, but has relied for the relief of unemployed members on the sharing of work. In former periods of industrial depression, members without regular employment had been given a part of the work controlled by their more fortunate fellow unionists. The desire to facilitate the sharing of work had led to the building up of an elaborate set of rules constituting what is known among union printers as the "substitute system." In the first year of the introduction of the machine this system gave temporary relief to the unemployed, and as machines were installed the displaced compositors flocked into the remaining hand offices as substitutes. The continual decrease in the number of hand offices added to the number of substitutes and diminished their opportunities for securing employment. The unemployed were chiefly workmen of advanced age, who were unable to operate machines at sufficient speed. They could not secure employment in other branches of the trade because they had become highly specialized in the setting of straight matter. Some of them went to the smaller towns to which the machine had not come; others abandoned the printing industry.

Even if the International Union had had an adequate system of out-of-work benefits, it is doubtful if this class of compositors would have been materially helped. Their retention in the printing trade was an impossibility, and the inevitable readjustment could be made better at an earlier time than after a period of precarious livelihood made possible by benefits. Other printers were only temporarily displaced and with the revival

<sup>1</sup> 25-jährige Geschichte der Deutsch-Amerikanischen Typographia, von Hugo Miller, p. 58.

<sup>2</sup> 25-jährige Geschichte der Deutsch-Amerikanischen Typographia, von Hugo Miller, p. 45.

of business and the enlargement of demand found places in the trade. The large local unions exerted themselves to tide their unfortunate members over the period of depression. In several cities, the number of days which any member might work in a week was limited to five, in order that the substitute system might afford relief for larger numbers.

The most pronounced economic advantage accruing to the printers from the introduction of the machine has been the material reduction secured in the length of the working day. Certain peculiar trade conditions favored the Typographical Union in its demand for a short working day on machines. The machine was first introduced in newspaper offices, and even at the present time, the number of machines in newspaper offices far exceeds the number in book and job offices. The following table gives the number of machines in use in each class of offices for the years 1901, 1902 and 1904:<sup>1</sup>

	1901	1902	1904
Book and job offices.....	837	981	1,638
Newspaper offices .....	4,138	4,834	5,491

The requirements of the newspaper office have consequently been an important factor in setting the length of the working day on machines. Prior to the introduction of the machine, wages for hand compositors in newspaper offices had been almost uniformly on a piece basis, the union scale regulating the price per thousand ems set. The unions required the publishers to give employment for a fixed minimum number of hours each working day. The maximum working day had never been a matter of concern to the unions so far as newspaper offices were concerned. The stress had always been the other way, since the publishers were desirous of keeping in their employ as large a number of printers as possible in order that any sudden strain might be met. The printers, with many local variations, had adopted the rule that six or seven hours work must be furnished each day. Allowing for time spent in distribution of type and in pasting up "duplicates," the usual working day on newspapers was rarely less than ten hours.

<sup>1</sup> Compiled from returns made to the Secretary of the International Typographical Union, vide *The Typographical Journal*, vol. 18, No. 11 (supplement); *idem*, vol. 24, No. 2, p. 212.

Newspaper publishers always need the largest composing force during the last few hours before the paper goes to press. In a peculiar sense it is true in newspaper work that the usefulness of a workman is not reduced proportionately with a decrease in the length of the working day. The cheapness of machine composition made it possible for publishers to increase the capacity of their force in order to secure a much desired increase in effectiveness during the last hours. The proposition of the union for an eight-hour day on machine composition seems for this reason to have met with small opposition from the employers.

The following table shows the length of the working week for machine operators in offices controlled by the Typographical Union, according to scales in force January 1, 1904:<sup>1</sup>

Number of Hours Constituting a Week's Work.	Morning News- paper Offices.	Evening News- paper Offices.	Weekly News- paper Offices.	Book and Job Offices.	Total.
Unions reporting less than 48					
hours .....	48	38	11	18	115
Unions reporting 48 hours.....	266	296	199	193	934
Unions reporting more than 48					
and less than 54 hours.....	15	37	38	23	113
Unions reporting 54 hours.....	53	139	93	86	371
Unions reporting more than 54					
hours .....	1	0	0	2	3

Of 1,536 scales for operators in the various kinds of machine offices, 68 per cent. fix forty-eight hours or less as the maximum working week. The proportion of operators having a forty-eight hour week is still greater since the larger unions usually have shorter working days than the smaller ones. The relatively large number of scales for evening newspaper offices fixing more than forty-eight hours as the maximum working week, is due to the fact that many small towns have evening newspapers and no morning newspapers. It is probable that between 80 and 90 per cent. of the union machine operators in the country have at present a maximum working week of forty-eight hours or less. In the larger cities the length of the working day is usually the same on morning and evening newspapers, while it is somewhat longer on weekly newspapers and in book and

<sup>1</sup> Compiled from returns made to the Secretary of the International Typographical Union, vide *The Typographical Journal*, vol. 24, No. 2, p. 211.

job offices. The other printers employed in the composing rooms of the newspaper have profited by the reduction in the hours of machine compositors. "Admen," "floormen," proof readers and hand compositors employed in machine offices usually enjoy the short working day of their co-laborers, the operators, who have set the hours of labor for the entire composing room.

The effect of the machine on wages is difficult to estimate on account of the change in the method of payment from the piece to the time system. The following table gives for each of the ten largest cities in the United States, the union scale for hand composition in 1891 and the union scale for machine operators in 1904.<sup>1</sup>

	Union Scales for Hand Composition per 1000 ems, in 1891.		Union Scales for Machine Operators per week in 1904.		Number of hours con- stituting a week for Machine Operators.	Wages of Machine Operators per hour.	
	Day work.	Night work.	Day work.	Night work.		Day work.	Night work.
New York ....	40c.	50c.	\$24	\$27	48	50c.	56½c.
Chicago.....	41	46	24	26.40	48	50	55
Philadelphia...	40	40	20	25	48	41½	52½
St. Louis.....	38	43	23.25	26.10	46	50½	56½
Boston.....	38	45	22.36	24.36	42	53	58
Baltimore.....	40	45	21	22.50	42	50	53½
Cleveland.....	40	43	21	24	48	43½	50
Buffalo.....	33	35	19.50	22.50	42	46½	53½
San Francisco.	45	50	27	30	45	60	66½
Cincinnati....	41	45	22	25	48	45½	52½
Average.....	39.6	44.2				51	57

Assuming that a hand compositor was able on the average to set 1,000 ems per hour, the wages per hour of machine operators at present is about 20 per cent. higher than that of hand compositors was in 1891. Since, however, the hand compositor worked ten hours as against the operator's eight, the day wages for the two kinds of work do not differ materially. A simple comparison of the union scales for the two classes of workmen neglects, however, an important consideration. Under the piece system few employers paid any of their work-

<sup>1</sup> This table is compiled from reports made to the Secretary of the International Union, vide Proceedings, 1892, p. 204 et seq., and *The Typographical Journal*, vol. 24, No. 2, p. 213 et seq.



men more than the minimum rate, while a considerable part of the machine operators in all the cities included in the table get more than the scale.<sup>1</sup> The speedy and accurate operator receives a differential wage over the slower workman.<sup>2</sup> Machine operators, in these cities, therefore receive somewhat more on the average for eight hours work than hand compositors did at the introduction of the linotype for ten hours work. The difference in favor of the operator is even greater in the smaller cities.

Regularity of employment has been up to the present far greater among the machine operators than it was formerly among the hand compositors as a class. The constant expansion in the demand for operators has kept the competent workmen fully employed. The "learners' scales" have been so arranged that employers train new operators only when they are needed. The machine, moreover, has increased indirectly but materially the regularity of employment for all printers through its effect on the number of apprentices. As long as straight matter was set by hand, there was a profit to the employer in having apprentices, since within a comparatively short time they became proficient enough in this branch of the trade to more than repay the employer for the low wages paid them. The result was that the number of apprentices was out of proportion to the growth of the industry. Largely as a result of the overcrowding in the trade, a class of printers came into existence who were known as "tramp" printers. Drifting here and there in search of work, many of them acquired dissolute habits. Printers holding regular situations were expected to share work with these fellow unionists, and in many cities, it became the custom for unmarried newspaper compositors to work only two or three days each week during periods of depression.

<sup>1</sup> In the arbitration proceedings held in June, 1903, to determine the wage scale for machine operators in New York City, the New York Union laid stress on the fact that one-half of the newspaper operators in that city received more than the existing scale. (Arbitration Proceedings, Typographical Union, No. 6 vs. New York Newspaper Publishers—MS.)

<sup>2</sup> In Chicago, a bonus is paid all operators on matter set beyond a fixed amount. In the other cities, the differential is not fixed so exactly but works itself out by individual bargaining.

The first convention of the Journeymen Printers of the United States held in 1850 was strongly of the opinion that "too many printers had been manufactured of late years."<sup>1</sup> The local printers' unions always put forward as one of their chief aims, the restriction of the number of apprentices, but achieved only a very partial success. The introduction of the machine has appreciably diminished the importance of the apprenticeship question to the printers. Since straight composition is the branch of the work to which the machine is best suited, the profit from apprentices has sensibly decreased, and as the machine extends its field, the future needs of the business become the controlling factor in the regulations of the number of apprentices. The "tramp" printer, a sign of an unhealthy trade condition, has almost disappeared and confines his operations to the smaller towns in which hand composition still maintains its hold.

Besides the length of the working day, the rate of pay and regularity of employment, one other factor in the conditions of work is worthy of attention in every trade, the intensity of labor required. Linotype operators are universally agreed that the high speed attained on the machines makes the work far more exhausting than hand composition. The International Typographical Union has at times gone close to limitation of output in its desire to keep the speed required within what the union considers reasonable limits. At the forty-first annual session it was enacted that "no member . . . shall be allowed to accept work . . . where a task, stint, or dead line is imposed by the employer on operators of typesetting devices."<sup>2</sup> The same session prohibited operators from accepting a "bonus per thousand above the regular scale."<sup>3</sup> The fear that the employers would raise the required amount so high as to make the work a very heavy strain or that through the incentive of a bonus the standard would be put up by especially skillful operators to a point difficult of attainment, led to the enactment of these laws.

<sup>1</sup> Proceedings of the National Convention of Journeymen Printers of the United States, New York, December 2, 1850. Philadelphia, 1851.

<sup>2</sup> Proceedings of the Forty-First Annual Session of the International Typographical Union, p. 200.

<sup>3</sup> *Idem*, p. 201.

The prohibition on the payment of bonus was repealed in 1894,<sup>1</sup> but the sentiment against this form of wages remained very strong, and in 1902 it was enacted that no bonus should be accepted by machine operators where "such bonus is voluntary on the part of the employer and is not provided for in the scale of prices."<sup>2</sup> The session of 1902 went much farther than any of its predecessors and recommended "that subordinate unions establish a stated amount of machine composition which is considered a fair day's work."<sup>3</sup> The laws of the Typographical Union, if they had been literally enforced as they stood in 1902, denied the employer the right to place any definite stint, but gave the union the right to do the very thing prohibited to employers. Despite the prohibition against employers fixing the accomplishment of a fixed amount of work as a condition of employment, this was done in nearly all newspaper offices, and in 1903 the Typographical Union repealed its prohibition.<sup>4</sup> The same session struck out the section recommending the "establishment by the local unions of a fair day's work."<sup>5</sup> The rule against the acceptance of bonus except when paid according to the union scale is the only remaining law of this kind, except a provision that "members shall not engage in speed contests."<sup>6</sup> The purpose of this unique prohibition is to prevent exaggerated ideas arising of the amount proper for an operator to perform.

Such rules as those described have seemingly been entirely ineffective in checking the increase in the speed of operators. Occasionally a local union has sheltered an unreasonable demand behind such rules, but in the main, the speed of the operator has been determined only by his ability. The large number of operators receiving more than the minimum wage scale indicates that as a class their output is not arbitrarily

<sup>1</sup> Proceedings of the Forty-First Annual Session of the International Typographical Union, p. 38.

<sup>2</sup> Proceedings of the Forty-Eighth Session of the International Typographical Union, p. 141.

<sup>3</sup> *Idem*, p. 142.

<sup>4</sup> Proceedings of the Forty-Eighth Session of the International Typographical Union, p. 123.

<sup>5</sup> *Idem*, p. 136.

<sup>6</sup> International Typographical Book of Laws, 1903, General Laws, sec. 69.

limited. A large part of the supporters of the legislation described desire to secure by this means employment for operators who are not able to reach the standard set. The constant increase in the speed of the operator has made the old provisions for learning the machine inadequate. The proper remedy is for the unions and employers to revise the "learners' scales" to conform to existing conditions.

The success of the International Typographical Union in enforcing the rule that printers shall be employed as linotype operators has been frequently attributed solely to the strength of that organization. In his testimony before the Industrial Commission, Mr. Gompers, the President of the American Federation of Labor, said: "The printers have had a remarkable history, particularly within the last five years. The machine . . . was introduced and it is one of the cases where a new machine revolutionizing a whole trade was introduced that did not involve a wholesale disaster even for a time, and it is due to the fact that the International Typographical Union has grown to be an organized factor and recognized by those employing printers as a factor to be considered."<sup>1</sup> A more explicit statement of the same view was made before the Commission by Mr. D. F. Kennedy, an organizer of the Federation of Labor for Indiana. He said. "These [typesetting] machines would now be run by typewriters, not typesetters, had it not been for the union taking possession of the situation to that extent that they compelled them to use typesetters to run the machine."<sup>2</sup>

If a union can force in every period of machine introduction the preferential employment of its members on the new devices, one solution of the much discussed problem of the displaced workman is offered. The introduction of machinery frequently leads to the employment of less highly trained and less skillful workmen; in many cases to the replacing of skilled artisans with poorly paid women and children operatives. The printers require an apprenticeship of four years before the workman is permitted to operate the linotype. How far is it true that the

<sup>1</sup> Report of the Industrial Commission, vol. vii, p. 615.

<sup>2</sup> *Idem*, vol. vii, p. 748.

Typographical Union by sheer force of combination has been able to force the employment of highly paid workmen to perform work which might be done by a much cheaper class of laborers? On the answer to this question depends the decision as to the possibility of similar combinations of workmen in other trades utilizing the experience of the printers on these occasions when fundamental reconstructions of their trade are in progress. A policy which requires the employment of skilled workmen for work easily within the power of less skillful employees would be clearly uneconomic, and its continued enforcement would be against great economic pressure.

The International Typographical Union undoubtedly occupied an advantageous strategic position in the introduction of the machine. Its chief strength for many years had consisted in the control of the greater part of the larger newspaper offices. It is entirely probable that the union did secure the control of the machine in some of these offices because the publishers feared the boycott, which is peculiarly effective against newspapers. A second advantage possessed by the Union lay in the fact that as the machine was introduced in the smaller newspaper and job offices, the supply of expert workmen trained in the offices of the large union newspapers furnished a ready labor market for the employers installing linotypes.

Several facts point, however, to the conclusion that the policy of the printers has not succeeded simply through the power of combination. In the early years of the introduction of the linotype much was said about the possibility of operating machines with unskilled labor.<sup>1</sup> The experiment was tried in several cities, but with such small success that employers have abandoned the attempt to recruit their linotype operators from this class of labor. Non-union offices with substantial uniformity employ printers as machine operators. The union rules do not bind these employers and their policy is dictated by economic interest. The same practice prevails in all other coun-

<sup>1</sup> The printers were profoundly affected by the fear that they would be supplanted by a cheaper class of labor. The continuance of the restriction on apprentices working the machine is due to the persistence of this fear. See above, p. 259.

tries, where the linotype is in use.<sup>1</sup> No tendency to replace male with female labor has ever appeared. The proportion of female to male operators is smaller than the proportion of female to male hand compositors. In January, 1904, the number of women operating typesetting and typecasting machines in the United States and Canada was 520, about 5 per cent. of the total number of linotype operators.<sup>2</sup> The number of women engaged in the United States in 1900 as printers and compositors was 15,875,<sup>3</sup> about 15 per cent. of the total number of printers and compositors.

A trade union rule without economic justification would probably have won its chief success at the outset. The returns made to the officers of the Typographical Union show that so far from the union losing control of the machine, the proportion of union to non-union operators is increasing. The following table shows by years the percentage of union operators and machine tenders.<sup>4</sup> At the present time, 92¾ per cent. of all machine employees according to these returns are members of the union.<sup>5</sup> In no other branch of the trade does the union control so large a proportion of the workmen.

	Percentage of total number.		
	1901	1903	1904.
Male Machine Operators .....	92	92	94¾
Female Machine Operators .....	63	56	62½
Machine Tenders .....	86	89	95
Operator Machinists .....	100	90	93

A consideration of the technical character of the linotype confirms the conclusion that it differs from many machines in requiring for its most profitable operation the skill of the superseded handicraftsman. The amount produced on a linotype is directly proportional to the skill of the operator, while the great

<sup>1</sup> See Webb, *Industrial Democracy*, p. 407; Radiguer, *Maitres Imprimeurs et Ouvriers Typographes*, p. 482.

<sup>2</sup> *The Typographical Journal*, vol. 24, No. 2, p. 212.

<sup>3</sup> Twelfth Census of the United States, Population, Part II, p. 507.

<sup>4</sup> Compiled from *The Typographical Journal*, vol. 18, No. 11 (supplement); *idem*, vol. 24, No. 2, p. 212.

<sup>5</sup> The census made by the union officials omits more non-unionists than unionists, but the conclusion as to the tendency is not weakened by such omissions.

mass of labor-saving inventions reduce the work of the laborer to that of tending the machine. Every part of the hand compositor's knowledge is useful to the machine operator, except an acquaintance with the location of the case boxes, and instead the operator must learn the keyboard of the machine. In addition, the operator must think far more quickly. He must not only know the same things, but he must be able to use knowledge more rapidly.<sup>1</sup>

The real merit of the policy of the Typographical Union was that it secured for its members an opportunity to show to the employer that the union printer was more profitable than the unskilled workman as a machine operator. This policy required the frank recognition of the machine, its honest working and fair concessions to employers during the period of machine apprenticeship.

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<sup>1</sup> The present linotype operators were trained at hand composition. As this method of production falls more and more into disuse, it is a grave question whether apprenticeship in a printing office will form a sufficient training for the operators. The knowledge of spelling, punctuation and capitalization which the apprentice gets from hand composition will probably have to be obtained in trade-schools, or the apprentices intended for linotype operators will be recruited from a better educated class of boys. For some time, however, this will not be an urgent question.

## CENSUS STATISTICS OF THE NEGRO.

THERE is no leading country in which the relations of widely different races are so important as in the United States. As a natural result of this, there is no country in which statistical investigation of race questions is so highly developed, or in which the records cover so long a time. In Europe it is not customary to recognize or emphasize the race classification of the population in statistical returns. In India the race classification while recognized is subsidiary to that of religion and of language. In American countries to the south of the United States where race relations are as complex and as diverse as they are with us, the statistical method is imperfectly developed or of recent introduction. The main sources of statistical information, therefore, regarding race relations are the figures for the United States and those for several of the West Indian Islands.

Since the Civil War the statistical study of certain aspects of race questions in the United States has been entered upon by different governmental agencies. The Department of Agriculture has made investigations of the diet and food supply of negroes and of whites with especial reference to the bodily heat and the energy it can produce. The Department of Labor has made a number of suggestive reports upon the condition of negro communities in certain typical localities. Various municipal health reports throw light upon the vital statistics of the two races. The Bureau of Education has gathered much information regarding the educational development of negroes and whites. But no one of these and perhaps not all of them combined have furnished or are furnishing at the present time as much information regarding the statistics of race in the United States as the Census Bureau.<sup>1</sup> It is of the highest importance that the information thus gathered should be carefully and intelligently interpreted and its lessons correctly read. The object of this paper is to state certain conclusions to which I have

<sup>1</sup> See especially Census Bulletin 8 entitled "Negroes in the United States," Washington, 1904.



been brought by my statistical studies of the subject and especially of the recent census figures.

The population of the United States is divided by the census returns into four classes, the native white of native parents, the native white of foreign born parents, that is, the children of immigrants, the immigrant or foreign born white class, and the other races than the white, sometimes called collectively the colored, perhaps more accurately described as the "non-Caucasians." The most accurate description of them is to enumerate the great races to which they belong, namely, the negro, Indian and Mongolian. Of this fourth group, the non-Caucasians, more than nineteen-twentieths are negroes and therefore when statements are made, as I shall be compelled sometimes to make them, not for the negroes but for the non-Caucasians, it will be understood that nineteen-twentieths of these are negroes and what is true, therefore, of the non-Caucasians is probably true of the negroes. These four classes correspond roughly to four grades of economic well-being,—the native white of native parents at the top, the negroes, Indians, and Mongolians at the bottom. Now it is a general fact that the lower the scale of economic well-being the less accurate on the average will be the answers to questions put them. A measure of this can be derived from the answers to the age question. It can be easily proved that the errors in reporting ages among the immigrant white are about twice as numerous as among the native white and among the non-Caucasians about twice as numerous as among the immigrant white. Where age is stated erroneously it is usually stated at a round number as a multiple of 5. The excess in the reported number at these multiples of 5 over the estimated true number is thus a measure of the accuracy of the figures. This excess in 1900 among persons between twenty-eight and sixty-two years of age inclusive for the native whites was 12.4 per cent. of the total estimated number at multiples of 5, for the foreign born white 29.8, and for the negro 81.2. What is true of the inaccuracies in the field of age statistics is probably true of other sorts of inaccuracies. A larger proportion of the negro population than of the white is homeless and therefore likely to be omitted by enumerators instructed to visit every home in

the country. In Maryland a careful recount of nearly 63,000 people was had a few months after the census day in the effort to detect suspected fraud. The recount showed that in the original count the omissions among negroes had been 3.7 per cent. and among whites 1.3 per cent. These omissions were probably greater than in the general population, but it is not unlikely that the per cent. of omissions among negroes is twice as great as the per cent. among whites.

There is no race question upon which we have so great a lack of scientific information at the present time as that of the degree of direct intermixture of the two races. Public opinion at the South seems to be almost unanimous in its belief that, since the Civil War and emancipation, intermixture of the two races has decreased and that the mulatto population at the present time is largely the offspring of mulattoes alone or of mulattoes and negroes, and that there has been relatively little new infusion of white blood. But no statistical basis for this opinion exists, and general observation on a question so difficult and delicate must be regarded as a very slippery foundation for the belief. Questions on this point were introduced into the censuses of 1850, 1860, 1870, 1880 and 1890, and the results were tabulated and published for each of these censuses except 1880. Prior to 1890 the question was asked in substantially the same terms, that is, simply the number of mulattoes. In 1890 unfortunately it was sought to amplify the question and Congress required the Census Office to report the number of mulattoes, quadroons and octoroons. Such precision in this field is unobtainable and, in natural reaction against the misleading results obtained in 1890, the Office in 1900 omitted the question entirely. I cannot feel that this was wise. The results obtained in 1850, 1860 and 1870 for the whole United States showed substantial agreement, the per cent. of mulattoes among the total negroes having been reported as in 1850, 11.2; in 1860, 13.2; in 1870, 12.0. These figures cannot be accepted as showing an increase in the proportion of mulattoes down to the Civil War and a slight decrease after that time, much less can the slightly larger proportion of mulattoes reported in 1890 (15.2 per cent.) with a different form of question be regarded as any evidence of an increase of

race mixture since emancipation, but the general conclusion that between one-eighth and one-ninth of the negro population at about the time of the Civil War was mulatto may be regarded as probable.

I believe that if the question should be repeated in 1910 in substantially the same terms as those employed in 1850, 1860, 1870 and 1880, the results would be likely to indicate far more accurately than general observation can do whether the proportion of mulattoes among the negroes has increased or decreased since emancipation. To establish this, one need not believe that the reported percentages at former censuses were correct. All that would be necessary for such a result would be that the question put in substantially the same terms at intervals during half a century would secure answers which if not entirely accurate would at least err in the same direction and by about the same amount.

At the present time there are about nine and one-fifth million negroes under the United States flag, including those in Porto Rico, Alaska, and Hawaii, as well as the negroes of continental United States. This does not include the negritoes, much less the Malays, of the Philippine Islands. In continental United States, excluding Alaska and our insular accessions, there are about eight and five-sixths million negroes. Nearly nine-tenths of them (89.7 per cent.) live in the southern states, that is, the states south of Mason and Dixon's line, the Ohio River and the parallel of the southern boundary of Missouri. The per cent. living in the southern states, however, is very slowly decreasing. In 1860, 92.2 per cent. were living there; in 1880, 90.5 per cent.; in 1900, 89.7 per cent, or in other words, in 1860, 78 negroes among each 1,000 in the country were living outside of the South, in 1900, 103 in each 1,000. Apparently there was a considerable change in the distribution of the negroes as a result of the upheaval in the Civil War. Then followed a period of relative quiescence, but in the last decade of the century there was an increase in the northward current of negro migration, especially to northern cities. That the negro population in our large cities is increasing with greater rapidity than the white population appears clearly when the totals of the two races are

obtained for the thirty-eight cities which had at least 100,000 inhabitants in 1900. The increase of negroes in these cities, 1890 to 1900, was 38.0 per cent., and that of whites 32.7 per cent., and in the five southern cities of this class, Baltimore, Washington, Louisville, Memphis and New Orleans, the increase of whites was 20.8, and of negroes 25.8 per cent. Washington was the only southern city of this class in which the negro population did not increase, 1890 to 1900, with greater rapidity than the white. This rapid increase of the negro population in the larger cities of the country is the more significant, because thirty-three of these thirty-eight cities lie in the north and west and therefore increase of their negro population usually results from long distance migration, and because also the negro population of smaller cities and of country districts has been increasing as a rule less rapidly than the white population.

There is no traceable tendency to a separation between negroes and whites in the South whereby the negro population is becoming more predominant in the rural districts and the white population in the cities. Perhaps the best evidence on this point is that derived from the 242 cities in the South Atlantic and South Central States, which had at least 2,500 inhabitants both in 1890 and in 1900, and for which, therefore, the race composition of the population was separately returned. The negro population of these 242 places increased between 1890 and 1900 by 21.7 per cent., the white population by 26.5 per cent. The negro population of the rest of the southern States outside these 242 places increased 16.4 per cent., while the white population outside these 242 places increased 25.0 per cent. The figures show the remarkable fact, which so far as I know is unparalleled, that the growth of white population in the South has been almost as rapid in the country districts as in the cities. Whether this means that the white population is betaking itself more to agriculture, it would be difficult to assert from the figures. The negro population is increasing in southern cities about one-third faster than in country districts. Or, the facts may be stated perhaps more intelligibly in this way. In the 242 southern cities for which the race figures are distinguished both for 1890 and for 1900, there were in 1890, 464 negroes to 1,000 whites; in 1900

there were 447, a decrease of 17. Meantime, in the country districts there were in 1890, 522 negroes to 1,000 whites, and in 1900 there were 486, a decrease of 36. These figures show that the decrease in the proportion of negroes relative to whites in the southern States in the last decade has been twice as rapid in the country districts as in the cities.

In studying the increase of the negro population it must be borne in mind that the figures of 1870 are admitted to be seriously inaccurate. There are some reasons also for doubting the accuracy of the census of the negroes in 1890. In order to avoid using these erroneous or questionable figures and also in order to base the computation on long periods of time, the increase has been computed by each of the five twenty-year periods of the nineteenth century. As the negro problem is preëminently one of interest to the South it seems fairer to compare the growth of the two races in that region. Such a comparison shows that the negro population of the South increased most rapidly during the first twenty years of the nineteenth century and that its rate of increase steadily declined to the end of the century. The rate of increase of southern whites was highest not from 1800 to 1820, but 1840 to 1860. Perhaps the results may be stated in a way to make them most easily intelligible by treating the rate of increase of whites in the southern States in the given twenty-year period as 100 and comparing with it the rate of increase of southern negroes during the same period of time. Following this method, the increase of the southern negroes, 1800 to 1820, was to that of southern whites as 125 to 100, that from 1820 to 1840 was 110, that from 1840 to 1860 was 87, that from 1860 to 1880 was 90, and that from 1880 to 1900 was 57. These figures show that since 1840 the increase of southern negroes has been less rapid than that of southern whites, that the increase from 1860 to 1880 was relatively more rapid than in the preceding or the following twenty-year period, suggesting that the period of war and of reconstruction affected the increase of the white race more than that of the negroes. At the beginning of the nineteenth century the southern negroes were increasing much faster than the southern whites. At the end of it they were increasing only about three-fifths as fast.

But to complete the presentation of the results reached by the Census Bureau on this point, it should be added that if the results for the last twenty-year period be analyzed by decades a different conclusion is indicated. Comparison of the rates of growth of southern negroes and southern whites for those two decades shows that the rate of increase for southern negroes, 1880 to 1890, was to that of southern whites as 55 is to 100, while in the decade from 1890 to 1900 it was as 68 to 100. I confess myself skeptical of the accuracy of these figures. It is difficult for me to accept results which show on their face that the rate of increase of southern whites east of the Mississippi River was less, 1890 to 1900, than it was 1880 to 1890, the rate falling from 19.1 to 18.7, while that for southern negroes in the same area was much greater in the second decade, the rate rising from 10.6 to 15.7. At the same time I see nothing better at present than to mark these figures as questionable and to suspend judgment until the results for 1910 are published. It may be that the increase among the negroes has been affected by the marked prosperity of the South in recent years and has been affected more conspicuously than the figures for the whites.

With reference to *sex* it may be noted that there is an excess of females among the negro population of the United States, while this is not true either of the Indians or of the native whites. Strangely enough, this excess of females is found even at the very earliest ages. It is a general rule that the number of male children born exceeds the number of female. Among 100 children born, on the average about 51 are male and 49 female. The scanty records of births in cities where the negroes constitute a considerable element of the population, show that in this respect the negroes conform to the rule. Yet negro children even at the very earliest ages, as enumerated by the census, show an excess of females over males. This is true of negro children under one month, and of each of the four other subdivisions of age under one year. Indeed it is true for every year of age up to nine. It may be noted that this anomaly appears for the first time in the figures for 1900. Whether it is due to the fact that that census first made the distinction between negro population and the total colored, including the Indians and Mongolians, I am unable to say.

In the city population of the United States as a rule, females outnumber the males. This generalization holds true of the great majority of cities east of the Mississippi River. It is more true of the negroes than it is of the whites. In the southern cities and towns having at least 2,500 inhabitants in 1900, there were 9 more negro females than males in each 100 of negro population. Among children the two sexes were approximately equal in numbers, so that if the figures allowed us to exclude the children the preponderance of females would be still greater. The cause is doubtless to be found in large measure in the greater demand and greater opportunity for female labor in cities.

At the present time rather more than half of the negroes over ten years of age are able to write. The per cent. of *illiteracy* has decreased rapidly in the last ten years. In 1890 it was 57.1, while in 1900 it was 45.5. This rapid decrease in negro illiteracy has gone on parallel with the rapid decrease of illiteracy among whites. At the present time the negroes as a race show about seven times the proportion of illiterates that the whites do and about four times the proportion of illiterates found among southern whites, and these ratios between the two races have not materially changed since 1890. Illiteracy is much more prevalent in the country districts than it is in the cities. About half of the negroes living outside cities having at least 25,000 inhabitants are illiterate, while in these cities less than one-third are illiterate. The rapid development of the educational system among negroes in the South has left clear traces upon the proportion of illiterates in the several age classes. The highest proportion of illiterates is found among negroes at least sixty-five years of age, the lowest among negroes ten to fourteen years of age. The difference between these two age limits is rather greater than the difference between city and country negroes, the illiteracy of all negroes over sixty-five being rather greater than that of negroes in country districts, and the illiteracy of negroes between ten and fourteen years of age being rather less than that of all negroes living in cities having at least 25,000 inhabitants. If the per cent. of illiteracy among negroes should continue to dwindle in the future as rapidly as

it did, 1890 to 1900, an improbable contingency, negro illiteracy would disappear by 1940.

No noteworthy results appear from the statistics of *marital condition* among the negroes. They correspond closely with the statistics for southern whites, the main differences being that the race has a very much larger proportion of widowed and divorced persons and that in the last ten years there has been a decline in the proportion of adult negroes who were married, while among southern whites there has been an increase in the proportion who were married. Both races show a decided increase in early marriages, this being true for the country as a whole and probably the result of the high prosperity which prevailed immediately before 1900.

Perhaps the most important suggestions derived from the analysis of the figures for the Twelfth Census are found in the statistics of *occupations*. The detailed results of these must be regarded as open to some question since the classification of occupations is perhaps as difficult a problem as any with which the Census Bureau has to grapple, and it is possible that the figures for 1890 and 1900 may not in all cases be strictly comparable. Still certain salient results appear to be established.

Among all the negroes at least ten years of age about five-eighths, 62.2 per cent., are engaged in money getting or gainful occupations. The corresponding proportion among southern whites is less than one-half (46.9 per cent.). The difference between the two races is almost entirely explained by the greater prevalence of money-getting occupations among female negroes, 41.3 per cent. of the negro females and only 11.8 per cent. of the southern white females reporting a gainful occupation. This fact accounts for about three-fourths of the entire difference between the negroes and the southern whites. An explanation of the remaining fourth is found in the fact that negro boys go to work earlier and negro men retire later than white men. In general it may be said that the lower the earning capacity of a productive class the greater the quantity of labor required for its support; the greater the prevalence, therefore, of female labor, of child labor and of the labor of old men. Part of this greater prevalence of child labor and old man labor is due to the fact that the negroes are predominantly engaged in agricul-



ture and that this industry affords greater opportunities than most others for the work of children and old men. Yet this fact only partly accounts for the difference.

The most important specific occupations for the negroes are those of agricultural laborers, farmers, planters and overseers, and laborers not specified. These three classes are probably more numerous than the total number of persons engaged in agriculture, for the number of laborers not specified who were engaged in other occupations than agriculture is probably greater than the number of persons engaged in agriculture and not enrolled in any one of these three occupations. The total number of southern negroes, with the few Indians and Mongolians engaged in this line of industry, increased between 1890 and 1900 by 30.4 per cent., the southern whites in the same occupations increasing in the same period by 43.5 per cent. As a result the non-Caucasians constituted in 1890 44.4 per cent. of the population in these classes, while in 1900 they constituted 42.0 per cent. These three classes together include two-thirds of all the negro breadwinners. In a number of specific occupations involving some degree of skill, the non-Caucasians in the South constituted a somewhat smaller proportion of the total number of laborers in the South in 1900 than they did in 1890. This statement holds true for launderers and laundresses, carpenters, barbers, tobacco and cigar factory operatives, and engineers and firemen (not locomotive). In some other leading occupations the negroes were more numerous represented in 1900 than in 1890. These include in the professional classes, teachers and clergymen, and in the skilled labor classes, miners and quarrymen and iron and steel workers.

While the future of the negro race in the United States seems to be essentially an industrial and economic question, turning upon their efficiency in comparison with classes of the population who compete with them in their staple occupations, the net results of these various and complex industrial changes can perhaps best be measured by the *vital statistics* of the race. The Census Bureau has no direct information regarding births or marriages. Its information regarding deaths is confined to the negro population living in the registration area and amounting to between one-seventh and one-eighth (13.4 per cent.) of

the entire negro population of the country, over 93 per cent. of it living in cities. The death-rate of negroes in the registration area in 1900 was reported as 30.2 per thousand, that of the whites in the same area being 17.3. But of the negroes in this area the majority were female and the female is the healthier sex. They were also predominantly adult and the adult years are the healthier ages. To allow for these differences a computation has been made to ascertain what the death-rate for the negroes for the whole country would be, if the death-rate observed in the registration area for each sex and each age had been true of the negroes of that sex and age in the country as a whole. On this basis the estimated negro death-rate of the United States as a whole is 34.2 instead of 30.2, or just about double that of the whites.

In 1890 the death-rate of the negroes in the registration area as distinguished from the Indians and Mongolians was not computed. That of the three races combined, nineteen-twentieths being negroes, was in 1890 29.9, and in 1900, 29.6 per thousand, a decrease of three deaths per 10,000. In the same area the death-rate of whites in 1890 was 19.1 and in 1900, 17.3, a decrease of 18 per 10,000. It is uncertain how far these figures may be accepted as indicative of the actual changes. They are submitted not as entirely trustworthy, but as the best information available.

Indirect evidence of the birth-rate among the negroes may be obtained by computing the number of children under five years of age to each 1,000 women fifteen to forty-four. These computations show a very marked decline between 1880 and 1900 in the proportion of negro children, but show that the proportion of children at the present time is greater for negroes than for whites.

But when the country is considered in sections separating the population of the South from that of the North, different results appear. Negroes, as a whole, have a larger proportion of living children than whites, but paradoxical as it may seem, it is also true that southern negroes have at present a smaller proportion of living children than southern whites, and northern negroes have a smaller proportion of living children than northern whites. The difference in the proportion of children stated in the preceding paragraph, in other words, is fundamentally

a geographical or sectional difference and not a racial one. Negroes have a high proportion of children not because they are negroes, but because nine-tenths of them live in the South and show the effect of influences which establish a high birth-rate there. The South at the present time is increasing in population faster than the North, with all its immigration, largely because 1,000 white women at the North, fifteen to forty-four years of age, could show at the census only 470 children under five years of age, while at the South 1,000 negro women of those ages could show 621 children, and 1,000 white women 633 children. In the southern States prior to the Civil War the proportion of children under five years of age to 1,000 women of child-bearing ages was about the same for the two races. The immediate result of the Civil War, emancipation and reconstruction, was to decrease slightly the number of white women and increase the number of negro children, so that in 1880 for 1,000 women of the specified race and of child-bearing age, there were in the South 82 more negro than white children. In 1890 the difference in favor of the negro race had sunk to 17, and in 1900 it had disappeared and been replaced by an excess of 12 white children.

The American negro, after the turmoil of Civil War and reconstruction, found himself thrown on his own resources as he had never been before. This occurred at the beginning of a period of rapid, almost revolutionary, industrial change in the South, a change which did not at first affect seriously the staple crops upon which most of the negro's labor as a slave had been spent, but which apparently is beginning to affect even those. In seeking other avenues of self-support than agriculture and domestic service, he is seriously handicapped by unfamiliarity with such work, a lack of native aptitude for it, so it is alleged, absence of the capital often requisite, and a preference on the part of most of the whites, even when other things are equal, as they seldom are, to employ members of their own race. In the industrial competition thus begun the negro seems during the last decade to have slightly lost ground in most of those higher occupations in which the services are rendered largely to whites. He has gained in the two so-called learned professions

of teachers and clergymen. He has gained in the two skilled occupations of miner or quarryman and iron or steel worker. He has gained in the occupations, somewhat ill-defined so far as the degree of skill required is indicated, of sawing or planing, mill employee, and nurse or midwife. He has gained in the class of servants and waiters. On the other side of the balance sheet he has lost ground in the South as a whole in the following skilled occupations: carpenter, barber, tobacco and cigar factory operative, fisherman, engineer or fireman (not locomotive) and probably blacksmith. He has lost ground also in the following industries in which the degree of skill implied seems somewhat uncertain: laundry work, hackman or teamster, steam railroad employee, housekeeper or steward. The balance seems not favorable. It suggests that in the competition with white labor to which the negro is being subjected he has not quite held his own.

These figures of occupations seem to me to furnish the best statistical clue yet obtained for an understanding of the industrial and social changes affecting this question in the South. My interpretation of their meaning might be objected to on the ground that when the negroes are increasing more slowly than the whites, as they are at present in the South, it should not be expected that they would increase as fast as whites in the skilled occupations. This objection seems to me to invert the true order of causation, to put the cart before the horse. Should we not rather say that southern negroes are increasing at the present time only two-thirds as fast as southern whites, while from 1800 to 1840 they increased faster and from 1840 to 1880 nearly as fast, because they are not succeeding in entering new occupations or prospering as well in their old as the competing race is doing?

If this view of the process is correct, then one may add in closing that, as these occupation figures throw much light upon the causes, so the figures of an almost stationary death-rate for negroes compared with a rapidly decreasing death-rate for whites, and an apparently declining birth-rate for negroes compared with an actually increasing birth-rate for southern whites, are the best statistical keys to its effects.

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## THE POLITICAL MACHINE.

**T**HE political machine is the organization which arranges for the nomination of candidates for public offices, presents their claims to the voters, brings out the latter on registration and election days, checks the count of votes when cast, and sees that its candidates, if elected, are installed in office. In attending to these and all other incidental details of a campaign it provides the needed funds and workers.

In spite of the predominance thus acquired in our elections the real nature of the machine is almost unknown and disregarded among the mass of voters, who nevertheless depend blindly upon it for much that we take as a matter of course in our political existence. In the efforts of the founders of the Republic to avoid parties they carefully ignored them in Constitution and statutes, but this ostrich-like policy has failed to eliminate them or the organization which is involved in their existence, until we are forced to recognize them, in a grudging and repressive way, and are beginning to make laws for their curbing. As yet we have only begun, and by far the larger part of the work of an election, using that word in its broader sense, is done before the election laws begin to apply, while much of that preliminary work is accomplished before the average voter realizes that the campaign is on. The machine as such does not seek publicity.

If we could imagine all political organization wiped out of existence before an election opened, who would burden himself with the work it used to do? And yet when primary or election days come the voter takes it for granted that some one will provide him with a straight party ticket or an assorted ballot to choose from, much as he would select his dinner from a menu, though he may never know how it was all arranged and will probably denounce the machine which did his work for him. His own indifference in the matter beforehand is shown at the ballot box when he is forced, as he often is, to a choice between two evils.

In the campaign which follows the nominations he becomes further indebted to the organization. Newspapers, pamphlets, speeches and popular demonstrations coach him upon the matters at issue, present the arguments from every side, and show him what the condition of public feeling may be. Whether he asks for it or not he receives a complete education on public matters which is again inspired or instilled by the all pervasive if unseen machine, and the *machinists*, so often denounced for their ignorance, become the educators of a nation. It is not a small burden which is thus lifted from our shoulders. When a candidate and his supporters address large audiences night after night and during the day as well, the clerical work, the advertising, the renting of halls and all the details of management are an indication of the work involved, while at the same time every effort is expended to secure the best of speakers.

In "getting out the vote" on election day even greater efforts are made, and in the estimation of the old campaigner, and perhaps in its advantages to the community, this is the most important work of all. It is there that the discipline of the rank and file comes into play. All of the small cogs and pinions of the machine are thrown into action, and the party workers, sometimes better known as ward heelers, set out in search of votes, not with the highwayman's methods of earlier days, but with the legitimate means to which such work is now more successfully restricted. For though the speeches are made to the thousands, the vote getting is aimed at the individual, and candidates and managers must be able to fight it out to the last voter in these days of competition. It would be a surprise to many to know the extent of the industry. There are few voters in our large cities whose names, faces, residences, occupations, and perhaps more, are not known to some one in the armies of party workers, and each individual will be checked off as he votes or hunted up if he fails to appear, without realizing, perhaps, that anyone else is concerned in his movements.

This means expensive preparation beforehand as well as hard work on election day. With all the abuse, deserved and otherwise, which we heap upon it, it is the machine which *gets out the vote* and prevents us from losing by our failure to

exercise it the hard won right to a voice in our government. Under present conditions the failure of voters to register and vote, from carelessness or indifference, is a constant cause for regret. Without the help of the precinct captain and his helpers it would be a far more serious cause for alarm.

In the checks on the count of ballots which opposing machines provide and their determination to see that their successful candidates are seated, the individual is protected in his voting and assured, if his side wins, of the fruits of victory. When his ballot is cast he may dismiss the matter from his mind, knowing that forces more powerful than he could individually exert, are at work to carry out his wishes. He casts his ballot, and in all the intricate series of events which lead up to and follow that act the self-interests of opposing organizations stand guard over his interests and guarantee their protection. If any effort is made to throw out his ballot, a power far greater than his stands ready to appeal to the law in his behalf and invoke for him the protection of the courts. He takes it as a matter of course, perhaps forgetting that he owes this assistance to no law on the statute books, but merely to an unofficial group of men. Indeed we might say that the law has entirely shirked the principal features of the election for which it professes to make provision. Such in brief is the voter's debt to the machine.

In view of these facts we might naturally expect that the public, appreciating the value of the services performed, would in turn seek to protect those services and improve them. We never hesitate to avail ourselves of them—indeed we cannot do without them. It is true that our laws have begun to take notice in some degree of political parties, and the matter is receiving still further attention in public discussion, while other statutes pertaining strictly to the election proper have encroached upon the powers of the machine, or rather have occupied ground upon which the machine had encroached when this ground had been neglected by the law. But as a matter of fact, these laws, instead of helping the machine in its useful and necessary work of education, vote production, etc., have rather sought to curtail its powers and resources, making its work so much the more difficult and expensive.

This is shown, to begin with, in the nomination of candidates, wherever the primary laws have gone into effect. Formerly the machine could name its men without opposition, where to-day it must frequently call into action the whole expensive organization of a regular election day. It is not the object of this article to discuss the obvious advantages of good primary laws, but rather to call attention to the added burden they lay upon the machine, for while the community sometimes assumes some of the expenses for ballot boxes, etc., which the machine formerly paid, the latter incurs far greater difficulty in order to maintain its position and do the work which we demand of it.

In the Australian ballot box we find another cause for increased expense. Manipulation of votes is prevented, and the organization must maintain its armies of party workers, to produce the necessary votes in a legitimate manner.

We have struck the machine another good blow, but in order to meet the emergency it is forced to organize an equipment which costs the public dearer than all its other election expenses put together. If a city has thirty-five wards of twenty-five precincts each, and if two political parties maintain three men apiece in each precinct, the vote hunters alone will constitute a small army, without counting the higher priced men at ward and city headquarters. Formerly this army was not needed, as a few stout heelers with a properly manipulated ballot box could carry a ward, but now that the law provides for an honest count of every vote the organization is forced to go out into the highways and byways and bring them in, a process which entails its heaviest burdens upon the machine.

After the election, but directly affecting it, the civil service laws take effect; and just when we are demanding of the machine the most complex and expensive form of organization we take away the very means of supporting it. To the machine the spoils of victory are the very sinews of war, without which it would be utterly unable to carry on its great campaigns. For the leaders the honors may be a sufficient reward, but the army of followers require something more, and the organization must be able to provide them with "jobs" if it is to do the work we call for. The machine, after assuming the burden of



the whole campaign, is frequently compelled to hunt up the indifferent voter and convey him to the polls in order to secure his vote, but though the public cheerfully avails itself of all such assistance as seems to be provided free, there is an indignant wail when public office is used as a means for paying the public expenses.

Is not the machine, which does literally indispensable service to the community, service not provided by law, is not that machine entitled to remuneration for its work, and ought not the community to pay for what it uses?

As conditions are to-day, can we criticize the use of office to pay "political debts" which are in most cases nothing more than the community's debt for campaign services? The critic must either be an ingrate who at election time has already directly availed himself of the benefits of the machine's work, or one who has neglected his duty of voting.

When the community fails to provide for work which it demands and which the machine supplies, the machine is justified in using "jobs" to repay its workers, and the community which tries to get the service free is to blame for the result which it charges to the machine. Great political campaigns will not run themselves, and there are not enough people in this country who can afford to leave their occupations to do it for nothing, even if they had the desire.

And this is not said in the way of criticizing the obvious reforms which have been introduced, but the very fact that abuses continue in spite of their excellence suggests that legislation has not yet reached the root of the evil.

Primary laws, the Australian ballot box and Civil Service Reform are excellent in themselves, but they represent an altogether one-sided development, for while they tend always toward the curbing, or even the crushing of the machine, they provide little or no assistance for it, nor yet any substitute for its necessary work. It is not simply a question of public morals alone, it is a question of public expense as well.

If instead of demanding that candidates should not be unfairly selected, the community would offer to meet the expenses of a fair nomination, if instead of forbidding an unfair count

of votes, it would undertake to meet the cost of an honest gathering of a full vote, if instead of forbidding the use of public office to pay for campaign services, it would provide some other means for such payment, then able and honest men could engage in politics without fear of that public criticism which now demands that they make bricks without straw; but instead of this the community, in order to gain its ends, forces cumbersome and expensive methods upon the machine without beginning to defray the cost, and then wonders why, in spite of such promising reforms, the old abuses continue. Such abuses in the majority of cases constitute the machine's method of repaying itself for its outlay. We have aimed at improving our election machinery "regardless of expense," and public offices of highest importance, with public franchises of incalculable value, have gone to pay the cost.

If we won't give up the machinery—and we must have it—we are confronted with a problem of every-day occurrence, the question of reducing expenses. At present we pay too much, and in specie which we cannot afford to use. Official position should be primarily directed to the service of government, not of campaigning, and the free use of streets and public utilities is an extravagant price to pay for an election. We are not absolutely robbed when a traction company apparently gets its franchise for nothing. We are merely paying indirectly for campaign expenses. Perhaps Tom Burke carried six wards and the city, for the ticket on which you and I had set our hearts, as we considered it from an academic standpoint, and now the traction interests pay him a handsome commission for the franchise, which covers his election expenses, and a little more. We certainly couldn't have asked him to do our own work for us for nothing, and if we don't pay him in one way he collects in another.

With primary laws and the Australian Ballot Box System we have improved our methods in the production of votes. When we devote more attention to reducing the expenses of the present methods and relieve the machine in the cost of its necessary work, each vote will not only be better, but it will cost the community less.

Already we see indications of this. Where the public openly pays the cost of election officials, booths, ballot boxes, ballots, etc., it lifts just that much of a load from the manager's shoulders. The community still pays the expenses, but it does so openly, by law, and so saves the rake-off that the politician took, as a contractor's profit, when he attended to those matters for us. Reduced expenses for the managers mean reduced extortions from the public. It is obvious that the community cannot directly assume all expenses of every Tom, Dick and Harry who seek office. If we did it would cost us more than we pay now, with all the rake-offs which we so lavishly include. Our machines at least deserve the credit for limiting the number of candidates and the corresponding cost. These costs fall under three general heads already indicated—campaign speeches, parades, etc., election day efforts to poll a full vote, and actual voting expenses, for judges, booths, ballots and the like. The last have been successfully assumed directly by the public in various localities. The matter of polling a full vote is still handled in a most extravagant manner, if we apply the present standards of business methods. On the one hand, a separate group of workers is maintained in every political division of the city for every complete organization, at least two and sometimes more. No business concern would duplicate its traveling agents in that way. On the other hand, these workers are paid by "jobs," or the proceeds of franchises purchased from the politicians instead of the city, which owned them—not an economical method for the city. We cannot take these men over into the ranks of public employees, as we have done in places with the election judges, or we should have our arms full, and yet in the end we pay the cost. This suggests the advisability of doing without them. We cannot dispense with the results of their work, the "getting out of the vote." Candidates and parties will not be content with less, and the public needs a stimulus to keep it voting, but we may, perhaps, find other and better means of accomplishing the same end. The idea of a tax rebate to those who cast their ballots, a rebate applied to local or general taxes or both, according to the nature of the vote, might prove even more effective a bait to the citizen than

the persuasive invitation of the apparent stranger who waylays one on election morning with the appeal to cast your vote early. It may be said that this would not touch the immense numbers who pay no taxes, but it would cover the class whose negligence in this respect is bewailed as the source of all our evils, and would at least have a tendency to call out more citizens than the requirement sometimes seen which compels a man to pay a poll tax before he votes. It seems only right that those who take a hand in our self-government should receive more consideration than those who neglect it, and anything which will bring out a full poll in some less extravagant way than the present method will be a saving to the public. Anything lost in such tax rebates would undoubtedly be made good by the more economical administration of the men so elected. The plan which has been tried in one State, of choosing jurors from those who fail to vote, is another step in the right direction.

There remain the expenses of campaigning proper, speeches, hall rent, processions and the various other features, not to omit the printing. The community cannot undertake as a whole to plead before itself the many merits of rival candidates and platforms, but the campaigns may become less expensive for the managers. It is the same as with the expenses of election officials, ballots and vote-getting. The public needs and demands it, and would better pay for it openly and economically. Since it is public business, we might save the considerable item of hall rent by permitting speakers to use public buildings and schoolhouses under proper regulations, and when not needed for their special purposes. We would at least know what it was going to cost us, and might economize a little in franchises.

Other and better means may be discovered of getting public control and more economical management of what is really public business, without interfering with party rights. It is not denied that reform campaigns are made, sometimes successfully, with honest expenses defrayed by honest means, but such campaigns are intermittent, occurring only when the regular organizations become too corrupt, and they do not have, nor can they honestly provide themselves with, the means for continuous

service under our present conditions. When their immediate ends are accomplished they disband, unlike the regular parties, whose standing armies are constantly maintained at public expense, through appointments such as honest reform managers cannot approve of.

Such movements as that for direct primaries aim to break down the machine, but if the latter with its superior organization put up good enough men, it stands to win until the character of the officials it is forced to elect finally becomes too high to countenance illegal means of raising money for expenses, provided those expenses are not taken from the shoulders of the machine. It would be a sad day for the country when the death of organization removed the stimulus to intelligent voting, reducing us to a condition of indifference toward our birth-right, but political organizations will not continue in business if their expenses are increased, while their sources of revenue are cut off. Since we must have them, we may look for the other alternative, the reduction of their expenses. Movements which aim to cut down their power of illegally raising money for meeting expenses will continue and increase, but they will be accompanied by more laws under which the public will assume the expenses openly and reduce the need of illegal extortions. When the community decides to do this work for itself the contractor-boss will no longer be needed. His real reason for existence now is that he contracts indirectly with the public to carry on its elections, and not, as some have maintained, that he undertakes to provide the desired legislation for public corporations. Though he engages in the latter traffic, it is not enough in itself to maintain his position.

The trend in municipal government is similar to that in commerce,—the greatest possible production of the best quality of votes in the most economical manner, due to systematic organization and reduced expenses properly defrayed. There is a call for some of the systematizing genius now so lavishly bestowed on commercial affairs, and with this the party machine, like many another piece of mechanism formerly attributed to the devil, may yet be so changed and improved as to do economically as well as effectively its most important work.

JAMES R. TROWBRIDGE.

## WORKMEN'S INSURANCE IN GERMANY.<sup>1</sup>

### III.

IN two former papers<sup>2</sup> I have endeavored to give an outline of the subject. Coinciding as they did with the display prepared by the German Imperial Insurance Office at the St. Louis Exposition, and with other official publications expressly prepared for this occasion, they may have been of some interest as presenting material at first-hand, 'devoid of any official gloss, and to some degree as being guided by a quite disinterested spirit of inquiry, natural in a non-German observer. This absolutely non-political treatment made it necessary that my chief attention should have been paid to the *economic* and *social hygienic* bear-

<sup>1</sup> NOTE:—After the publication of Mr. Farnam's article on the Psychology of German Workingmen's Insurance in the May number of the YALE REVIEW, Dr. Pinkus expressed a desire to take up some phases of the subject not touched upon in his earlier articles, and to illustrate them by statistics not easily accessible. His manuscript did not reach the editors of the YALE REVIEW until after the time at which the printers usually require the copy, and it proved to be so voluminous that it would have been in any case impossible to print the article in one number. In order to meet the express desire of the author for a speedy publication of at least part of his study, the publication of the REVIEW was delayed in order to make it possible to insert two sections of the monograph. The whole is divided into five parts, as follows:

- (1) The Reciprocal Relations of Government and Workmen.
- (2) Relations towards Employers.
- (3) Moral Influence of Workmen's Insurance—Statistics of Thrift.
- (4) Workmen's Insurance and Public Charity.
- (5) Accident Statistics.

The first section deals with the technical question whether workmen's insurance is insurance in the strict sense of the word, or, as held by Professor Rosin, merely a governmental provision for the workingmen. Dr. Pinkus takes issue with Professor Rosin on this question. As this legal question is only indirectly related to the question of the effects of workmen's insurance, it was thought best to omit it and to print in the present number sections 2 and 3 somewhat condensed. The other parts of the monograph will be reserved for the February number, to which Professor Farnam will also contribute a brief note defining his position with regard to the matter.—THE EDITORS.

<sup>2</sup> Comp. the YALE REVIEW, February and May, 1904.

ing of this legislation, while its purely *moral* influence was indicated in bare outlines, still curtailed by the limitation of available space. It was not less natural and necessary that to the American mind, trained from early youth to a permanent, almost subconscious, activity in practical politics, such cursory treatment of the latter point should appear unsatisfactory. To this circumstance, I suppose, we partly owe the co-appearance with the second part of my paper of an article by Professor Farnam dealing with the "Psychology of German Workmen's Insurance."

In writing the following pages I adhered strictly to my subject, although tempted to utilize for my argumentation facts and analogies from the history of general life insurance, wherewith I should touch a domain well known and familiar to the American reader. There we learn how intensely anticipations of the most direful consequences in public and family life issuing from the introduction of life insurance were harassing the mind of the moralists at a time when the economist, the politician and even the "general common sense" had fully esteemed the enormous progress it was inaugurating.

Is it perhaps the same with workmen's insurance? Are the apprehensions for social morals and national stamina merely arguments against human weakness, or does compulsory insurance have in its following such social dangers, so far as Germany is concerned? These are the questions to which neither Prof. Farnam's paper, nor obviously what little I have been able to say in mine, have given a full answer. The following, while not claiming any kind of perfection, may, at least, provide the reader with reliable material not easily accessible on which to base his own opinion.

#### I. RELATION TOWARDS EMPLOYERS.

What influence has been manifested by workmen's insurance upon the relations between workmen and employers, upon the "antagonism" of labor and capital? Here we have at our disposal a fair mass of observations, that have received of late a well ordered statistical treatment (labor statistics). It was on this foundation that we were able to base our assertion that work-

men's insurance is exerting the most beneficial steadying influence upon the psyche of the working man. It is pleasant to find now that recent figures support our anticipations so closely.

It could have been foreseen *a priori* that, thanks to workmen's insurance, "working for other people" has ceased to threaten the worker with the ever imminent possibility of disaster and economic ruin, through disease, accidents, incapacity, and old age, but that, on the contrary, just this kind of work presents to him a fair safeguard from such dangers; that bringing employer and employed together on neutral ground, e. g., while occupying honorary offices, it teaches them mutually to understand each other and to work jointly for the common benefit of the classes which they represent and whose benefits are identical.

Anticipations of such a kind, though they may be fitted together logically enough, are not always realized in practice; and critics, sceptically disposed towards workmen's insurance, will naturally turn to social statistics. In studying these, they will soon find out that workmen's insurance has done but little towards allaying the antagonism of classes, and will quote in the first instance the statistics of parliament elections and of strikes. Indeed, every new election adds to the number of social democratic votes<sup>1</sup>; equally does the number of strikes show a constant increase.

Were we to know nothing about the degree of accuracy with which strike-statistics are constructed and nothing more than the above about the relations between workman and employer in Germany, we should have to accept Prof. Farnam's warnings unhesitatingly. As it is, we have to remember that of statistics as of quotations may be said *cum grano salis*, that applied out of their original connection they may be brought to prove "many things." Such natural "context" is for statistics the medium in which the tabulated facts took place; and we shall lose ground after the first steps if we overlook the deep-reaching changes Germany has undergone since 1878. This country presented an entirely different picture in the consecutive decades 1880 and 1890.

<sup>1</sup> Comp. *Vierteljahrshäfte zur Statistik des Deutschen Reichs*, supplemental issue for 1904, I: Allgemeine Statistik der Reichstagswahlen von 1903, II Teil, Berlin, 1904.



From a legal point of view the repression of the socialistic movement was one of these epochal moments, which starting in the seventies culminated in the *Sozialistengesetz* of October 21, 1878. Socialist agitation was so paralyzed by this law, that in spite of all its efforts the number of socialist seats in Parliament showed a distinct tendency towards decrease: 1877, 12; 1878, 9; 1881, 12; 1884, 24, and 1887, 11. The strikes showed for this period no increase<sup>1</sup> and for some time they even declined. It would be rather risky to conclude from this that, while this state lasted, the relations between employers and workmen were of the most approved Arcadian pattern, or, as some contemporary factory inspectors put it, the workman became more "docile" (*Gefügiger*).

With the moment the law was annulled, October 1, 1890, the pent up energy found a most forcible expression in a steadily and enormously increasing return of socialist votes and seats, and in a whole array of new organizations and strikes. But, again, this will tell us absolutely nothing as to the relation in question, unless we take into consideration the radical displacement that took place in the internal political configuration of Germany. It is practically impossible to tell just now whether the social-democratic party owed its hundred thousands of votes to motives of an economic or of a political nature. Who can decide how many thousand votes it gained thanks to the exuberant growth of conservative-reactionary agrarian and clerical parties on the one hand, and to the decay of Liberalism on the other? Out of eighty-one social democratic seats (of 1903), thirteen are occupied by factory-owners, seven by master-workmen and nine by merchants and publicans,<sup>2</sup> a company sufficiently mixed to suggest the mixed political motives that collected their voters at one urn. The greatest victory was gained in 1903 by the social democrats in Saxony, where they obtained all mandates but one, which was anti-Semitic. However, the cause of such results is to be found not in an increase of class-antagon-

<sup>1</sup> Comp. Prof. Farnam's article, l. c., p. 99, and as to strikes the article *Arbeitseinstellungen* in the *Handw. der Staatswiss*, 2d ed., iv., Jena, 1898, p. 746.

<sup>2</sup> *Deutscher Reichstag Biogr.-statist. Handbuch*, begr. von J. Kürschner, 1903-1908. XI Legisl.-Periode Herausg. von H. Hillger.

ism, but chiefly in the Draconic prescriptions which the Saxon administrative authorities thought necessary to turn against the freedom of coalitions and associations in general. But, even if we had not been able to select at the first choice such pregnant changes in the social medium, even then purely economic interests could not be made to play an exclusively deciding rôle in party life and party politics.

Widely different is the question of trade disputes. Here we have in all reality the picture of a contest between two supposedly antagonistic sides. If we, therefore, for the moment at least, assume the hypothesis that the strikes and lockouts are as it were the manometers of these antagonisms, then strike-statistics should show us in every instance the corresponding pressure. We shall have to treat this matter somewhat more extensively.

To start from our working materials, the strike-statistics were until very recently exceedingly inaccurate. Thus, when the official strike-statistics of 1901 of the Imperial Statistical Office were compared with the statistics collected by the General Commission of German trade-unions, Legien, chairman of this commission, stated in his "*Korrespondenzblatt*" that out of 484 items only 26 agreed in both statistics; for 277 strikes both gave the same starting day; for 90, the same time of duration; for 52, the same number of strikers. Again, the statistics of the commission omit 559 strikes and lockouts with 20,112 persons; the official statistics 316 strikes with 6,243 persons, which we find mentioned in the former. The causes of such considerable differences lie partly in the nature of the subject, partly in the inadequacy of the methods used for the collecting of data.<sup>1</sup>

However this may be, we come to the unpleasant conclusion that in drawing upon this, the only available material, we can never be sure for the present to what degree we may rely upon it, which is the more awkward, as we are bound to foresee that

<sup>1</sup> The General Commission, for instance, concerns itself almost exclusively with the data on strikes of workmen organized in central federations; the Imperial Stat. Office relies for the collection of the facts upon the local police authorities. Concerning these and other sources of error, comp. the quoted article in *Handw. d. Staatsw.*, 2d ed., vol. i, p. 764; the *Korrespondenzblatt der Generalkommission der Gewerkschaften Deutschlands*, 1898, No. 34 ff.

for the immediate future, with an increasing improvement of the methods, the numbers of disputes should continue rising fairly permanently.

To be quite safe we shall, therefore, have to obtain as long statistical series as possible and shall have to draw these severally from different sources so that they contain different types and kinds of errors. For the Prussian statistics we refer to Prof. Farnam's quotations;<sup>1</sup> in the following is given a table for Bavaria and for the whole empire, and from those three we may conclude with a great degree of certainty:

That the number of strikes has by no means gone on increasing uninterruptedly, and

That the minima coincide with bad times and the maxima with favorable conjunctures on the market; we find, e. g., that the "hausse" that started with 1895 and the "baisse" of 1901 find their reflex in the general number of strikes, in the number of successful strikes, and in the number of strikers.

And so once more we are confronted with a composite psychological fact. Just as we were able to show, in the results of the elections, the play of political as well as of economical motives, so the trade disputes dissolve at closer sight into a sum of varied factors. How should, then, the mere statistical figures by themselves speak in favor of this motive or of that? What could, for instance, entitle us to make the relation between workman and employer the chief shaping factor of trade disputes?

However, while for a critique of election statistics we have to remain content with a chronicle of events of purely symptomatic character (compare above), we are able to analyze trade disputes with far greater accuracy and completeness, thanks to the statistics of the Kaiserliches Statistisches Amt, which give the motives of strikes and the way they were settled. Even if somebody finds these magnificent documents for the psychology of the German workman not sufficiently convincing—we shall see in the following how they are confirmed by a mass of allied phenomena—the very fact that these motives were noted individually in the newest strike-statistics is extremely important and characteristic of the new currents of social thought in Germany. Not so very

<sup>1</sup> Comp. *Yale Alumni Weekly* for May 4, 1904.

NO. I.—TABLE OF STRIKES.

Strikes in the German Empire according to the General Commission of German Trade Unions. <sup>1</sup>										Strikes in the German Empire according to the Imperial Stat. Office. <sup>2</sup>											
Years.	Strikes in Bavaria. <sup>1</sup>					Strikes.	Strikers.	Weeks.	Cost, Marks.	Result.				Strikes completed.	Concerns attained by strikes.	Maximum of persons striking contemporaneously.	Maximum of workmen not striking but forced to stop work.	Result.			
	No. of strikers.	No. of strikers.	Complete success.	Partial success.	No success.					Complete success.	Partial success.	No success.	No data given.					Complete success.	Partial success.	No success.	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	
1889	48	5,275	15	22	11	226															
1890	34	2,498	5	13	16		38,536	1,348	2,094,922	67=29.7%	89=39.4%	55=24.3%	15=6.6%								
1891	14	995	1	8	5																
1892	9	819	3	2	4		73	3,022	507	84,638	25=34.2%	15=20.5%	32=43.9%	1=1.4%							
1893	5	130	2	2	1		116	9,356	568	172,001	51=44.0%	25=21.6%	38=32.7%	2=1.7%							
1894	16	625	..	9	7	131	7,328	879	354,297	36=27.8%	37=28.7%	51=39.5%	5=4.0%								
1895	37	3,580	3	14	20	204	14,032	1,030	424,231	87=45.0%	30=15.4%	76=38.6%	2=1.0%								
1896	35	4,256	4	21	10	483	128,808	1,923	3,042,950	232=48.0%	122=25.3%	106=21.9%	23=4.8%								
1897	25	1,804	3	10	12	578	63,119	1,921	1,257,298	272=47.1%	146=25.3%	154=26.6%	6=1.0%								
1898	49	5,887	11	26	12	985	60,162	4,848	1,345,302	413=54.1%	165=21.7%	169=22.1%	16=2.1%								
1899	95	8,296	27	39	29	976	100,779	3,976	2,627,119	524=53.7%	205=21.0%	213=21.8%	34=3.5%	1,288	7,121	99,338	10,122	331	429	528	
1900	95	6,494	12	31	52	852	115,711	3,284	2,936,030	375=44.1%	215=25.3%	217=25.5%	21=2.4%	1,433	7,740	122,803	9,007	275	505	653	
1901	75	3,393	20	23	32	727	48,552	3,283	2,515,888	267=36.8%	171=23.6%	237=32.6%	30=4.0%	1,056	4,561	55,262	7,420	200	285	571	
1902	57	2,461	13	22	22	861	55,713	3,224	2,237,504	350=43.6%	156=19.5%	296=36.9%	29=3.5%	1,060	3,437	53,912	6,272	228	235	597	
1903	72	2,741	16	17	39	...	....	....	....	....	....	....	....	1,374	7,000	85,603	13,811	300	444	630	
Jan.-Mar. 1904	14	502	2	5	7	...	....	....	....	....	....	....	....	238	736	12,137	939	41	84	113	

<sup>1</sup> To 1898 inclusively from the *Statistisches Jahrbuch f. d. Königreich Bayern*, 1899, p. 99; from 1899 from the *Statistik des Deutschen Reichs*, vols. 134, 141, 148, 157, 164; and for 1904 from the *Vierteljahrshefte z. Stat. d. D. R.*, 1904, No. 2, p. 157.

<sup>2</sup> From the *Correspondenzblatt d. Gew. D.*, Jahrgang xlii, 1903, No. 38, p. 620.

<sup>3</sup> From *Statistik des D. R.*, vols. 134, 141, 148, 157, 164; and the *Vierteljahrshefte z. Stat. d. D. R.*, 1904, No. 2, p. 167.

long ago, official statisticians would, in the best of cases, be quite satisfied with four or five columns representing the demands, the results, etc.; more often they would not even trouble about this part: to the politician of that time all strikes were alike, being one and all symptoms of "social antagonism." The recent German statistics segregated these items under twenty-five headings, surely sufficient to show how far an individualization is attempted of the motives that lead to strikes. The view regarding strikes in general, as most undesirable outbursts of hatred, dissatisfaction or of the evil instincts of workmen, has now become thoroughly superannuated, though its influence shows now and then its forked tongue in the German legal and administrative practice. To-day we know from experience that trade-unions, though enjoying a perfect freedom and counting their hundred thousands of members, have not only not upset the universe, but have become a foremost factor in the just formation of work-prices, and have been instrumental in fostering progress in the mutual relations of workmen and employers.

It has come to be silently agreed upon, that demands of ideal justice and real equality cannot be attained under existing circumstances by private bargaining for prices. The modern economic organizations growing daily in power<sup>1</sup> lead unavoidably to collective negotiations on an equal footing; they have this additional advantage, that paltry personal or local interests and prejudices begin to lose their influence upon the transaction of business. Very often we find experts of equal technical training, not seldom former school-fellows, acting in the name of these organizations; these will much sooner be able to grasp the community of interests of both parties, than people directly interested in the issues. The evolution of these organizations leads, so it seems to me, not to a collision of interests, but to concurrent collaboration in the common interest.

The attempt has often been made to draw analogies between economical and political phenomena. "The conflicts of interests in industry reproduce in a very large measure the phenomena

<sup>1</sup> E. g., the enormous organizations of producers on one side and consumers on the other will hardly be looked upon as indicative of a *bellum omnium contra omnes*.

observed in the conflicts of national interests"<sup>1</sup> and on this score the ironfisted phrase is repeated: "*Si vis pacem para bellum.*" If international differences will lead to war, the fault rests in the majority of cases in the absence of a higher authority that could arbitrate between the sides and, in case of need, enforce its decision; herein is the cardinal difference between strikes and wars: in both cases a peaceful settlement lies in the interest of the sides, but while there is no sanction for mediation in the intercourse of "civilized" nations, such means are given in a variety of forms for the relations between workman and employer. If in the latter case they have not been taken sufficient advantage of, it is explained not by a lack of means for peace (tariffs, arbitration courts, conciliation boards) or by obstinacy, but chiefly by a shortsightedness with regard to self-interest and by an artificially bred antagonism.

The German insurance legislation and social reforms connected with it have done very much towards eliminating this artificial antagonism. The workmen have been equalized with the employers in their rights as contrahents; they are invited in equal numbers to participate in the adjudication of benefits and in arbitration courts. Every day's experience teaches what a splendid school for socio-political training those common deliberations are; there must have been a deep conviction existing about this point, for recently a new law was issued making the appearance of employers before trade courts (*Gewerbegerichte*) compulsory under a penalty of 100 marks.

Finally, a look at table No. II will also show that the workmen were driven to strike, not by a blind ill-feeling towards employers, but by a whole series of well understood and perfectly legitimate impulses. We refrain from discussing all these rubrics one after the other, as opinions may differ about the actuality or justice of some demands; it will suffice for our purpose to indicate the last rubric but one, concerning the tariff movement, for in all these cases (57, 89, 148) the strikers were clearly moved by the intelligent wish to secure peace. Let us realize once more that

<sup>1</sup> From the critique of Nicholas Paine Gilman's "Methods of Industrial Peace," in the *Journal of the Royal Statistical Society*, London, 1904, vol. 67, Part II, p. 299.

these tariffs are not conventions in the Hague Conference style, but legal agreements that are guarded by courts and civil authorities.

TABLE II.—THE DEMANDS OF STRIKERS IN GERMANY.<sup>1</sup>

The Demands of Workmen.			Times. <sup>2</sup>				
Years			1899	1900	1901	1902	1903
Wages.	Status quo.....	of existing wages.....	67	99	170	131	97
	Rise .....	(time or accord-pay).....	820	956	499	532	836
	Pay or higher pay for overtime .....		203	72	33	123	
	Extra-payment for extra-work, etc. ....		71	42	34	64	
	Granting of payments on account, etc. <sup>3</sup> .....		29				
	Various .....		259	78	85	66	127
Work-time.	Status quo .....	of the existing work-time .....	12	12	10	11	
	Shortening.....	(total) .....	275	345	146	160	253
	Abolition or limitation of overtime-work, etc. ....		23	45	26	13	33
	Shortening of work-hours on Saturday, etc. ....		93	45	21	37	
	Entire abolition of overtime, etc. ....		1				
	Establishment of a normal working day where it has not been introduced .....		3	7	9	13	
	Various .....		81	14	13	9	25
Various.	Changes in the mode of remuneration, etc.....		64	83	32	37	56
	Maintenance of the existing mode of remuneration, etc. ....		1	13	17	13	
	Re-engagement of dismissed workmen, etc. ....		153	185	147	141	233
	Dismissal or non-engagement of workmen, etc.....		56	70	48	69	
	Dismissal of superiors .....		34	37	22	14	24
	Sanitary improvements, etc. ....		48	28	24	33	
	Refraining from "strike-work" .....		14	1	22	10	
	Better treatment.....		22	19	16	25	
	Permission for feasting May 1 .....		36	12	8	12	
	Recognition of the workmen's committee, etc.....		64	51	34	72	
	Posting up of regulations, introduction of wages tariffs, their maintenance or change <sup>4</sup> .....		57	57	89	148	
	Various.....		345	214	134	114	230

We are dealing here with an extremely powerful evolution, growing, like the mythical heroes, "not by years but by days." Some of the statistics are fairly startling, e. g., the statistics

<sup>1</sup> Compiled from the "Statistik des Deutschen Reichs. Streiks und Aussperungen," vols. 134, 141, 148, 157, and 164.

<sup>2</sup> In cases of strikes where several demands were put forth at the same time, each of the demands is placed separately under its corresponding heading.

<sup>3</sup> This item does not appear since 1902.

<sup>4</sup> In the table of 1902 the demands of "posting up of regulations" do not appear; mention is only made of introduction, maintenance, or change of pay-tariffs.

concerning the sphere of influence of the Printers Tariff Association.<sup>1</sup> The tariff in question was accepted as follows:

TABLE NO. III.—SPHERE OF INFLUENCE OF THE PRINTERS TARIFF.

Year.	Accepted by firms.	Employing hands.	In localities.
1897	1,631	18,340	469
1898	2,030	22,468	649
1899	2,704	27,449	880
1900	3,115	30,630	1,002
1901	3,372	34,307	1,030
1902	3,464	36,527	1,043
1903	4,250	39,464	1,315
1904 (April 30)	4,559	41,483	1,382

All these figures, as we see, have increased almost threefold in the comparatively short interval of eight years. This tariff, however, presents by no means an isolated instance. Every month brings fresh numbers of tariff conventions in other industrial branches, and, as they increase by leaps and bounds, we have every reason to infer that they are the expression of a very intensive conciliatory movement. For over a year Miss Fanny Imle has been publishing in "*Soziale Praxis*," monthly accounts reviewing the statistics of this movement in Germany; such accounts cannot, evidently, replace official statistics, but they furnish an extremely valuable contribution to the valuation of this movement, which it would be impossible to obtain from sporadic newspaper notes.

The Imperial Statistical Office has given its full and serious attention to this new domain of social activity, so young and yet so prolific; in one of the first numbers of the "*Reichs-Arbeitsblatt*" (No. 3 of the first year, p. 170) it addresses the circles interested, asking them to send collective tariffs. Although these inquiries are by no means complete, and the movement has not attained anything like its probable prospective growth, in the second year (No. 2, p. 122) of the "*Reichs-Arbeitsblatt*" we find an account of about one thousand of such tariffs, which are distributed among the trades as follows:

<sup>1</sup> Comp. "*Soziale Praxis*," Jahrg. xiii, Berlin, 1904, col. 1051, and the article of A. Massini, "Nochmals die Tarifgemeinschaft und die Tariforganisation der deutschen Buchdrucker," in "*Soz. Praxis*," Jahrg. x, Berlin, 1901, col. 1093.



TABLE No. IV.

Trades.	Tariffs.	Trades.	Tariffs.
Builders .....	271	Leather trade .....	9
Potters .....	100	Upholsterers .....	7
Brewers .....	74	Furriers .....	7
Dockers .....	49	Bakers .....	5
Metal-workers .....	48	Weavers .....	5
Tailors .....	43	Millers .....	4
Painters .....	36	Saddlers .....	4
Pavers .....	31	Lithography .....	3
Timber-workers .....	30	Naval .....	2
Stone-masons .....	27	Barbers and Hairdressers, Gar-	} one each.
Bootmakers .....	25	deners, Slate-pencil-mak-	
Plasterers .....	24	ers, Glove-makers, Copper-	
Glaziers .....	20	smiths, Dice-cutters .....	
Commerce, transportation and communication .....	17	Printers, Bookbinders, Engravers of music, one collective tariff each for the whole of Germany.	
Coopers .....	13		
Roofing trade .....	11		

These figures need no comment, and, although remarkably little is being said and written about tariffs<sup>1</sup> in Germany, great sympathy for collective tariffs exists not only among workmen, but also in the circles of employers.<sup>2</sup> Not a few of these latter see in the associations of workmen not an enemy, but an ally, who works with them hand in hand, for raising the productivity, intelligence, and energy of the working class.<sup>3</sup> "The prosperous growth of this (the tariff) movement signifies a victory of order over blind terrorism, a triumph of public-spirited constitutionalism over heedless absolutism. Through the avoidance of strikes . . . a steady development of trades will be attained, by the suppression of unfair competition—a natural selection of truly

<sup>1</sup> Comp. E. Francke, "Die gewerblichen Tarifverträge in Deutschland," art. in "Deutsche Monatsschrift für das gesamte Leben der Gegenwart," Jahrg. iii, July, 1904, p. 584: "Von den Arbeitskämpfen geht ein grosser Lärm aus die Tarifverträge werden im Stillen geschlossen."

<sup>2</sup> Comp. "Soziale Praxis," xi, No. 8, col. 203, where opinions are quoted of factory owners (A. Kerkhoff, E. Noack), who expect from tariffs great advantages, not only for the workmen, but equally for employers, viz., the suppression of unfair competition.

<sup>3</sup> Comp. the opinions of the director of the Gerresheim glass works, of Prof. D. von Halle, the Marine Oberbaurat Schwarz and the wharf owner Meyer (Papenburg) in the "Soziale Praxis," xi, No. 15, col. 377.

efficient firms."<sup>1</sup> Nor is it blind selfishness of the sides that builds obstacles; there is a far more serious and more persistent inhibitory factor in the development of the technical part of industry, which complicates its mechanism in a quickly progressing proportion and which is a constant adversary of hard and fast rule. Here, as L. Bernhard puts it quite correctly,<sup>2</sup> in this conflict of economic evolution with technical development the efforts of the sides are often inadequate to help the evil. This is the place for the state to intercede by a pliable yet effective legislation, as it has been found necessary in England by a whole series of acts issued between 1891 and 1902.

It is to be hoped that German legislation will not lag behind in its attention to the tariff movement, for this preventive measure is at least as important as mediation and conciliation between the sides after the outburst of a conflict. In this last domain, however, the first steps are already taken. As table No. V shows, the percentage of strikes settled by immediate negotiation is on the decrease, while the proportion of strikes compounded by the intervention of professional corporations or of third persons is steadily gaining ground; although these statements are only for the last five years and, of course, cannot give any definite conclusions, they possess a great value as indicating a prevalence of the same symptoms in Prussia, Bavaria and the whole German empire, viz.: a steadily growing inclination of both sides to accept mediation.

The same indications are obtained by a study of data on the activity of industrial courts (*Gewerbegerichte*) as boards of conciliation (*Einigungsämter*).<sup>3</sup> Although the fitness of these magistrates in matters of trade disputes has often been questioned, we can trace a quite satisfactory advance in their mode and success in transacting this business. The courts were addressed: in 1893 in 5 instances; in 1894, 16; in 1895, 19; 1896, 44; 1899, 50; 1900, 80; 1901 in 144 instances. The

<sup>1</sup> Fanny Imle, art. "Die Tarifgemeinschaft" in "Soziale Praxis," xii, No. 49, col. 1273-1278.

<sup>2</sup> L. Bernhard, "Die moderne Technik und die Zukunft der Tarifgemeinschaft," in "Soziale Praxis," 1904, No. 39, col. 1017.

<sup>3</sup> In virtue of the Law of July 29, 1890.

number of successful negotiations was: in 1893, 3; in 1894, 7; in 1895, 13; in 1896, 18; in 1899, 16; in 1900, 28; in 1901, 35.<sup>1</sup> Some of these courts display in their accounts, it is true, an alarming majority of unsuccessful efforts;<sup>2</sup> such cases should be looked into more seriously, to find out whether they were due to the unfitness of the organs in question, or whether purely local conditions were interfering with an otherwise rational organization. These cases find a more than sufficient make-weight in the eminently successful activity of the greater industrial courts, e. g., in Berlin or in Hamburg.

TABLE NO. V.—NUMBER OF STRIKES FINISHED.<sup>3</sup>

Years.	By direct negotiation of the parties.		Before the Industrial Courts.		By mediation of trade associations or third persons.		By proposal of the employees.		By proposal of the employers.	
	absol.	in %	absol.	in %	absol.	in %	absol.	in %	absol.	in %
(A) Prussia.										
1899	344	43	35	4	117	13	414	51	203	25
1900	408	49	29	3	146	15	433	46	240	26
1901	225	35	19	3	75	12	239	31	103	16
1902	234	38	23	4	92	15	251	40	128	21
1903	333	39	37	4	181	21	398	36	181	21
(B) Bavaria.										
1899	35	37	3	3	19	20	45	47	26	27
1900	34	36	1	1	16	17	38	40	15	16
1901	27	36	2	3	19	25	38	50	17	23
1902	25	44	4	7	14	24	26	46	13	23
1903	25	35	4	18	18	25	26	36	16	22
(C) Empire.										
1899	534	41	50	4	205	16	644	50	297	23
1900	619	43	40	3	224	16	655	46	314	22
1901	384	36	30	4	166	16	434	41	173	16
1902	403	38	41	4	175	16	428	40	181	17
1903	533	39	54	4	323	24	628	46	279	20

<sup>1</sup> Compiled from the art. of Stieda s. t. "Einigungsämter" in the *Handw. d. Staatsw.*, 2d ed., vol. iii, Jena, 1900, p. 343; the notes in *Soziale Praxis*, x, No. 23, col. 581 and No. 46, col. 1182; the detailed statistics in No. 8 of the first year of the "Reichs-Arbeitsblatt" (Berlin, 1903), p. 669. The excellent *Statistisches Jahrbuch Deutscher Städte*, 9th and 11th years, Breslau, 1901 and 1903 resp., gives references concerning but a small part of German towns (17 and 37 resp.).

<sup>2</sup> Comp. *Reichs-Arbeitsblatt*, l. c., and *Statistisches Jahrbuch Deutschen Städte*, 9th year, 1901, p. 158 and xi, 1903, p. 352.

<sup>3</sup> The absolute numbers are taken from the "Statistik des D. R. Streiks und Aussperrungen," 1899-1903, vols. 134, 141, 148, 157, and 164; the percentages of the total number of strikes are calculated (for the convenience of comparison between the individual columns) by myself.

To illustrate what results are obtained on English soil, we adduce the following, which, *mutatis mutandis*, fully justifies the

TABLE NO. VI.—METHODS IN WHICH CHANGES IN WAGES WERE ARRANGED.<sup>1</sup>

United Kingdom. Grand Total in years.	Numbers of separate Individuals affected.								
	Without strike.					After strike.			
	Under sliding scales.	By conciliation or mediation.	By arbitration.	By mutual arrangement.	Total.	By conciliation or mediation.	By arbitration.	By mutual arrangement.	Total.
1897	135,618	11,796	307	405,492	553,213	1,460	1,959	40,812	44,231
1898	169,047	25,659	3,850	764,578	963,134	1,015	2,050	48,970	52,035
1899	178,018	364,616	11,636	587,033	1,141,303	1,581	1,452	31,240	34,273
1900	183,889	469,520	5,827	421,590	1,080,826	1,030	3,780	50,150	54,960
1901	191,205	495,000	11,508	219,860	917,573	180	667	13,706	14,553

optimistic forecast as to the destinies of this movement in Germany. Not only the workmen but also the employers profit by joining associations increasing in size and power in that they introduce more socio-political comprehension into their own class and that they gain a guarantee of peace in all their relations with the workmen.

In 1897 an insurance company was founded to insure employers against strikes, *Industria* by name. The utter failure of this undertaking gave eloquent proof that strikes are not events to be dealt with by the simple expedient of insuring against them. Since the assistance rendered by institutions of this type to the employer is, in addition, limited by purely commercial considerations, it is of very problematic value, which in advance dooms them to the fate of the Berlin "*Industria*." The strong point of all the employers' associations is that their activity is also preventive; they are the only institutions that, while able to attempt mutual insurance against strikes, may take up the social mission of fostering social peace and good understanding.<sup>2</sup>

<sup>1</sup> Cf. *British Empire Year Book*, 1903, p. 171.

<sup>2</sup> Comp. the art. of Manes s. t. "Strikeversicherung" in the *Handw. d. Staatsw.*, 2d ed., vol. vi, Jena, 1901, p. 1169, and R. van der Borgh's art. s. t. "Unternehmerverbände," *ibid.*, vol. vii, p. 347. As to the "*Industria*" the German and Austrian insurance press.

Like the associations of work-people, they show a very steady growth,<sup>1</sup> which of late almost surpasses the former.

This contemporaneous growth and development of mighty combinations of work-people, of employers, of consumers, of producers, are quite a characteristic sign of our time. The sullen suppressed subjection of a weaker class to hateful conditions, based for the most part either upon ignorance or on utter absence of initiative, is not a very comfortable kind of peace. Better far, if the mutual recognition of equal power leads to negotiations on an equal footing, and if civilization is trusted to do its work toward avowing the degeneration of the "armed peace" into a cult of power, towards proving the truth of the mutilated proverb: *si vis pacem, para—pacem!*

Workmen's insurance has done much towards the inauguration of such social peace in Germany. It was through it that the work-people came to hear of their numerical strength, saw what even small contributions may amount to in such numbers, got used to see their breadgivers not only in the capacity of superiors, but also as collaborators in honorary offices, had finally their eyes opened to the fact that the affairs over which they were sitting in court and giving judgment, were not affairs concerning individuals, but the entirety of producers. Now the workman begins to realize that in case of accident, illness, invalidity, and old age, he has a legal claim to subsidies, not from his employer, whom formerly he would sue at law, but from a third legal person representing the given trade or profession. From this realization, if it took firm root, evolution runs straight to the conviction that the other conditions of work, too, are not exclusively created by individuals whose life interests are built upon the oppression of the weaker, but by the common concern of employers and employed.

Such is my conclusion from figures that can be fully relied upon, showing that while the strike movement, especially in good

<sup>1</sup> They are now organized in two central federations: *Hauptstelle Deutscher Arbeitgeberverbände* (since April 12, 1904) and *Verein Deutscher Arbeitgeberverbände* (since November 23, 1904). The aim of both federations is, besides the representation of their interests, "*ein friedliches Zusammenwirken von Arbeitgebern und Arbeitnehmern zu fördern.*" *Comp. Reichs-Arbeitsblatt*, second year, No. 4, July, 1904, pp. 309 and 314, where the statutes of these federations are published *in extenso*. The "aim" is defined in § 2.

times, is by no means abating, there is another tendency afoot that is already modifying the character of strikes—that of settling conflicts by pacific means. Whether there exists a different interpretation of my facts for explaining the awkward psychological problem of the influence of workmen's insurance upon the relation of labor to capital; whether my conclusion is an outcome of an optimistic inclination merely, as one might judge from the concluding words of Prof. Farnam's paper (p. 113); this I cannot take upon myself to answer.

## 2. MORAL INFLUENCE OF WORKMEN'S INSURANCE. STATISTICS OF THRIFT.

Professor Farnam launches yet another similar objection against my views; it is difficult, indeed, to reconcile with my optimistic ideas about the educational value of workmen's insurance the following conclusion: “. . . the effect of giving them allowances and help in time of trouble has apparently been to weaken the spirit of self-help, increase the demands upon the public purse, and to make them less wise and responsible in their expenditure.”<sup>1</sup> By such differences of opinion one may be almost tempted to the heresy of distrusting statistics; Bismarck's sledge-hammer words that statistics could prove anything and everything, if fitly handled, seem almost too mild for such a flagrant case. It is quite lamentable, we must admit, how insufficient, inaccurate and unreliable is the greater part of moral statistics. However, as we have absolutely no other instrument for our investigation, we must make the best shift of it we can. We shall soon find out that the more we approach social psychological and moral problems, the more cautiously must we handle our instrument, constantly testing its limits of accuracy.

In one direction—for the question of thrift we possess a fairly reliable statistical material giving data that are commensurable for a sufficiently long period; in using this, we can at least make sure of avoiding the common enough pitfall of taking accidental deviations for a constant tendency. Here again, as soon as we reach deeper, we find that we are dealing with a composite phenomenon, that only on closer examination shows its right face.

We find nearly always quoted the general results of savings institutions, viz., the sum total of deposits, the general number of

<sup>1</sup>l. c., p. 113.

depositors, the mutual relation of these two numbers and of either to the general number of inhabitants. Then follows, as a rule, a local or general patriotic outburst of pride in demonstrating how the yearly increase of goodness goes on growing steadily, how the nation, and especially those of its classes for which the savings banks exist "continue in accumulating their halfpennies and farthings and thus enrich themselves and the nation," "raise their moral level," etc., etc. Now, on cooler analysis, we find that the figures do not by any means prove so many pleasant things all at once; that, for instance, this increase may be favored by a fall of the bank rate, by bad conjunctures, or the anticipations of such, by lower prices of foodstuffs or a higher income of workmen. On the other hand, not a small influence upon these figures would show a successful activity of concurrent institutions: savings and loan associations, coöperative societies and, above all, insurance.

A glance at table No. VII will convince us that every indication goes against a constant decrease in any of the sixteen columns that characterize the general state of savings institutions in Saxony, Prussia, Baden, Bavaria, Bremen, and Berlin. In all these, it is true, one may note a certain retardment in the increment to the sum of deposits, for instance, at the end of the last decade of the past century. In Bremen (col. 15) the year 1900 shows even an absolute diminution of this sum; but all pessimistic comments of this phenomenon are absolutely unfounded. It is quite natural that the surplus of new deposits over the sums paid out stands in a good year far behind most of its predecessors, as it was in Prussia in 1900—the culminating point of an unprecedented *hausse* which opened a number of good investments in trade and industry and drained the depository movement of these very sums.<sup>1</sup> It is very interesting to compare the surpluses of Prussian savings banks for the successive years 1880-1900:

<sup>1</sup> As to this occurrence a controversy arose in the German press. "Vorwärts" was of the opinion that the number of new deposits does not decrease in consequence of bad conjuncture; on the contrary, in prosperous years even workmen place their savings in industrial shares or other stock with a higher rate of interest; "Berliner Tageblatt" indicated the arising of a whole series of new investments; only the "Sparkasse" had misgivings and remarked: "As such investments have not been made in any considerable degree, the fact of a decrease is very awkward." Cf. the art. "Die preuss. Sparkassen im Rechnungsjahre 1900-01" in the *Volksw. Zeitschrift Die Sparkasse*, "organ des Deutschen Spark-Verbandes," herausg. von W. Schaefer, Hanover, 1902, p. 18.

TABLE No. VII. GENERAL RESULTS OF SAVINGS BANKS.<sup>1</sup>

Year.	SAXONY.				PRUSSIA.				BADEN.				BAVARIA.				BREMEN.				BERLIN.			
	Number of depositors at the end of the year.	Amount of deposits at the end of the year in 1,000 m.	One book per head of population.	Marks of per head of population.	Number of accounts or savings bank books.	Amount of deposits at the end of the year in millions m.	Marks of per head of population.	Average deposit of 100 depositors.	Number of depositors at the end of the year.	Amount of deposits at the end of the year in 1,000 m.	Marks of per head of population.	Number of books (accounts) at the end of the year.	Amount of deposits at the end of the year in 1,000 m.	Year.	Savings bank books at the end of the year.	Amount of deposits at the end of the year in 1,000 m.	Year.	Savings bank books at the end of the year.	Amount of deposits at the end of the year in 1,000 m.					
1870	475,272	115,720	5.28	20.25	1,391,970	495.65	50,515.0	470	320,246	89,255.3	16.9	52,273	37,333.5	1882	182,178	42,460.9	1882	182,178	42,460.9					
1880	909,787	338,807	3.25	58.46	2,042,155	1,504.62	134,670.0	760	341,731	96,353.9	18.4	57,559	40,558.8	1883	205,616	48,254.9	1883	205,616	48,254.9					
1881	958,549	349,089	3.13	62.22	3,008,710	1,710.10	145,384.6	787	364,997	106,800.6	20.0	62,809	45,946.5	1884	231,086	55,359.8	1884	231,086	55,359.8					
1882	1,031,925	362,286	2.95	65.76	3,341,610	1,821.17	155,711.1	805	396,117	114,167.2	21.3	74,120	50,937.2	1885	259,798	63,627.0	1885	259,798	63,627.0					
1883	1,120,193	380,736	2.75	70.61	3,624,658	1,970.24	165,681.4	818	436,022	121,973.0	22.7	79,923	53,505.0	1886	294,787	76,245.2	1886	294,787	76,245.2					
1884	1,199,638	407,617	2.60	75.23	3,935,848	2,114.88	175,727.1	815	464,034	130,850.7	24.2	85,914	54,995.6	1887	329,444	90,382.5	1887	329,444	90,382.5					
1885	1,274,542	434,049	2.48	79.84	4,209,453	2,260.93	183,699.0	813	486,154	141,070.1	25.9	92,037	56,953.1	1889	392,236	115,704.8	1889	392,236	115,704.8					
1886	1,339,716	462,926	2.40	86.50	4,467,078	2,467.60	196,193.3	826	507,152	149,591.0	27.3	97,097	57,151.4	1890	417,259	125,063.3	1890	417,259	125,063.3					
1887	1,401,713	491,146	2.34	93.01	4,742,009	2,672.60	208,544.4	820	530,373	159,723.3	29.0	104,934	60,911.5	1891	434,021	131,204.3	1891	434,021	131,204.3					
1888	1,471,968	523,077	2.27	99.83	5,029,174	2,886.27	219,388.7	846	558,507	172,365.5	31.2	109,482	62,322.5	1892	451,879	138,382.2	1892	451,879	138,382.2					
1889	1,541,904	554,898	2.21	104.85	5,312,192	3,101.75	232,993.4	871	574,585	184,089.9	32.9	109,482	66,911.5	1893-94	484,363	151,015.5	1893-94	484,363	151,015.5					
1890	1,606,650	581,720	2.16	108.57	5,592,662	3,281.57	244,631.4	880	597,094	193,149.9	34.3	118,238	69,784.9	1894-95	509,732	162,842.0	1894-95	509,732	162,842.0					
1891	1,658,149	602,578	2.13	112.39	5,772,956	3,406.55	258,982.3	882	617,674	203,893.1	36.0	121,805	70,004.9	1895-96	543,097	178,660.7	1895-96	543,097	178,660.7					
1892	1,716,726	629,289	2.09	115.93	5,974,782	3,551.71	275,343.9	899	638,887	216,288.4	37.9	121,805	70,004.9	1896-97	577,064	194,871.3	1896-97	577,064	194,871.3					
1893	1,783,390	658,640	2.05	121.11	6,255,507	3,750.35	293,136.1	910	665,943	230,555.4	40.2	125,691	72,314.9	1897-98	608,888	210,263.6	1897-98	608,888	210,263.6					
1894	1,842,533	741,900	1.94	136.28	6,876,664	4,345.50	333,615.0	948	697,154	253,874.2	43.6	129,580	71,248.0	1898-99	642,552	225,830.9	1898-99	642,552	225,830.9					
1895	2,037,517	793,154	1.88	144.29	7,261,363	4,655.62	348,711.1	950	729,838	269,970.8	46.0	133,439	71,842.9	1899-00	675,204	240,999.3	1899-00	675,204	240,999.3					
1896	2,122,547	836,083	1.85	152.18	7,643,849	4,968.11	368,511.4	...	756,931	283,861.5	47.8	...	...	1900-01	696,648	252,999.8	1900-01	696,648	252,999.8					
1897	2,207,600	878,067	1.81	160.10	8,049,599	5,277.24	387,291.8	...	780,366	295,974.4	49.3	...	...	1901-02	719,149	267,540.5	1901-02	719,149	267,540.5					
1898	2,288,256	909,391	1.79	166.95	8,449,447	5,577.02	405,637.1	...	806,079	308,894.9	50.8	...	...	1902-03	739,011	280,746.9	1902-03	739,011	280,746.9					
1899	2,337,481	925,295	1.78	166.46	8,670,709	5,745.79	425,744.9	...	810,282	319,743.1	52.0	...	...	...	...	...	...	...	...					
1900	...	...	...	...	9,034,937	6,236.46	454,513.8	...	...	...	...	...	...	...	...	...	...	...	...					
1901	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...					
1902	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...					

<sup>1</sup> Comp.: for columns 2-4 the "Kalender und Stat. Jahrb. f. d. Kön. Sachsen," Dresden, 1903; for col. 5-7 the "Stat. Handbuch f. den Preuss. Staat, Berlin, 1893, p. 379, 1898, p. 384, and "Stat. Jahrbuch f. d. Preuss. Staat," 1904, p. 193; for col. 8-10 the "Stat. Jahrbuch f. das Großherzog Baden," vols. xxiii, xxvii, xxix, xxxii and xxxiv; for col. 11-13 the "Stat. Jahrbuch f. d. Kön. Bayern," 1903, p. 154; for col. 14 and 15 the "Jahrbuch f. Bremische Statistik," Heft ii, Bremen, 1900; for col. 16-18 the "Stat. Jahrbuch der Stadt Berlin," Berlin, 1893, 1896, 1899, 1903, vols. xviii, p. 246, xxi, p. 327, xxiv, p. 329 and xxvii, p. 408.

<sup>2</sup> Since 1893-94 the years reported upon closed March 31.



Years.	Mill. M.	Years.	Mill. M.	Years.	Mill. M.
1880	72.12	1887	132.03	1894	145.56
1881	68.66	1888	141.94	1895	233.05
1882	74.30	1889	135.83	1896	187.97
1883	95.09	1890	98.29	1897	186.91
1884	92.07	1891	38.57	1898	182.26
1885	86.59	1892	52.90	1899	145.47
1886	127.36	1893	98.89	1900	95.37

This much, certainly, the above table (No. VII) does show, that savings institutions play an important rôle in the life of the German nation, and that a serious change in its morality cannot take place without influencing the statistics of thrift.

What changes, then, are there in the statistics of German savings banks? Are these changes connected with workmen's insurance and not with any of the above-mentioned factors, and to what degree? What do they tell us about the desirable or undesirable influence of workmen's insurance upon the character of the German workman?

None of these capital questions can be even approached with the help of these data: such general statements are useless for our purpose, because they efface the individuality of the different categories of depositors, to ascertain which is the main object of our analysis.

Indeed, there are three possibilities for the stated increase of the general numbers: (1) all categories of deposits increase at the same or at a different rate, (2) some of them remain unchanged, others change *in plus* or *in minus*, (3) some decrease, while others grow.

Fortunately some German statistics<sup>1</sup> give us figures showing: (a) the numbers of savings books for each definite amount, (b)

<sup>1</sup> Comp. for Prussia the "Statistische Korrespondenz" and the reprints from it in *Volksw. Zeitschrift. Die Sparkasse*, 1903, p. 134, 1896, p. 20, 1897, p. 362, 1899, p. 296, 1900, p. 227, 1901, pp. 8 and 204, 1902, pp. 17 and 221, 1903, p. 350; and in the *Bulletin de Stat. et de Législ. Comp.*, Paris, 1891, p. 111, 1893, p. 77, 1894, p. 93, 1899, p. 182, 1900, p. 197, 1901, p. 607, and 1903, p. 577; also the art. in the *Zeitschrift des Preuss. Stat. Bureaus*, vol. xxx, xli, xlii and xliii, Berlin, 1890, 1901-1903. For Saxony, *Zeitschrift des K. Sächsischen Stat. Bureaus*, vols. xxxvi, Dresden, 1890, p. 111 and pp. 188-238 (an art. of V. Böhmert with diagrams), xli, Dresden, 1895, p. 5, xlv, Dresden, 1900, pp. 183-240, and very incompletely in the *Kalender und Stat. Jahrb. f. d.*

the relations of these numbers to the total number of savings bank books, and (c) the amounts of deposits in each of these categories (Bremen only). We shall see how readily these numbers fall into a well defined regularity, if we only take the trouble—and no small trouble it takes to glean them from different statistical annuals and periodical publications. By means of such tables it is quite easy to ascertain, which of the three indicated possibilities we are dealing with.

The absence of statistics for all Germany for a long sequence of years<sup>1</sup> does not impede our investigation, because the indications are not uniform for all savings banks, and the conditions of life are far from identical in the whole territory of the German empire. In what we give here we were guided, therefore, not only by external considerations, but chiefly by the wish to pay special attention to the economical life conditions of the rural (Prussia, Baden) and industrial (Saxony) population, as well as of the population of large cities (Berlin), and of typical commercial cities (Bremen). In all cases we shall turn our attention to the small deposits (up to 500 or 600 marks) and more especially to the smallest (up to 50<sup>2</sup> or 60 marks), as these figures will give us approximately a picture of the development of savings among the working classes, and, generally among those for whom compulsory insurance has been introduced.

Thus we perceive (tables VIII, IX and X<sup>3</sup>) that in all Germany small deposits and their individual groups (under 60, 60-150, 150-300, and 300-600) *taken absolutely* not only do increase, but

*Kön. Sachsen* (passim). For Baden the *Stat. Jahrb. f. d. Grossh. Baden* (incompl.). For Bremen, *Jahrbuch f. Brem. Stat.*, Heft II (incompl.), Bremen, 1888, 1892, 1896, 1900. For Berlin, *Stat. Jahrbuch der Stadt Berlin*, vols. xviii, xxi, xxiv, and xxvii, Berlin, 1893, 1896, 1899, 1903. Comp. also for Baden *Stat. Mitteilungen über das Grossh. Baden*, 1898, No. 7, giving the data for 1897; the other lacunae are as yet not filled out.

<sup>1</sup> The first table for all Germany, Brunswick excluded, for 1900, was published only in 1903; comp. *Bulletin de Stat. et de Législ. Comp.*, vol. 54, Paris, 1903, pp. 210-211.

<sup>2</sup> In the following I omit "50" relating to Baden to simplify the appellation of this category of deposits.

<sup>3</sup> For typographical reasons tables VIII, IX and X are printed in a condensed form, four years of each quinquennium being omitted. Two colored diagrams, showing changes in the character of the deposits of the Bremen savings banks, had to be left out for the same reasons.—THE EDITORS.

that they increase by numbers as well as by the sums deposited. Hence they prove anything but an abatement of economy among the working classes. As a matter of fact not many of the critics of workmen's insurance have suggested such influence otherwise than very tentatively; though the apprehensions of some as to its deleterious action upon the prosperity of savings institutions were put so ambiguously or inexactly, that they may have conveyed as a fact what in reality was no more than a thought.<sup>1</sup>

We have now narrowed down our inquiry into the following form: since the general amount and sum of deposits (cf. table No. VII) as well as the absolute number and sum of minor deposits (cf. table VIII) are everywhere on the increase, does the progress in thrift proceed among the lower classes with the same intensity that it possesses among depositors with more than 600 marks? In a word, instead of comparing absolute numbers, we shall compare the proportions of savings books and deposited sums of each group as we have done in tables IX and X.

If we formulate our question in this way, only one answer is possible, namely: that that much-talked-of development of savings banks during the last twenty years progresses chiefly through the agency of the middle classes, not of the work-people, and that the number and individual amount of deposits of these latter were increasing considerably more slowly than the former. Therefore the proportion of small deposits was constantly decreasing.

We find, further, that the way in which this decrease was taking place was not everywhere identical.

Thus, in Prussia we see an uninterrupted decrease in three groups with deposits: 60-150, 150-300, and 300-600 marks. The group of books under 60 marks shows for a time the same tendency, with this difference only, that from 1890-1892 their ratio is found to go up, which may be caused by the inclusion of fresh masses of population under compulsory insurance (by the

<sup>1</sup> Comp. the art. "Sparkassen" of M. Seidel in *Handw. d. Staatsw.*, 2d ed., vol. vi, Jena, 1901, p. 853: "Ob dieser staatliche Zwang auf das freiwillige Sparen der Minderbemittelten einen hemmenden Einfluss ausüben wird, ist wohl noch nicht erkennbar, nach meiner Ansicht aber auch nicht zu befürchten . . ." The question being equivocal, can be answered in different ways, considering whether we shall speak of the absolute or relative number and quality (amount) of deposits.

TABLE No. VIII.—ABSOLUTE NUMBER OF SAVINGS BANK BOOKS IN EACH CLASS.

Year.	PRUSSIA.					BADEN.					SAXONY.			
	Under 60 Marks.	60-150 M.	150-300 M.	300-600 M.	600-3,000 M.	3,000-10,000 M.	Over 10,000 M.	1-50 M.	51-100 M.	101-500 M.	Over 500 M.	Under 60 M.	60-600 M.	Over 600 M.
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
1881	772,236	583,584	511,948	489,457	673,685	....	....	39	550	58,050	68,991	323,178	450,027	185,344
1886	1,280,328	781,649	675,233	682,503	1,006,001	....	....	....	....	....	....	....	574,800	271,437
1891	1,680,839	940,157	824,018	889,663	1,391,235	....	....	52,544	26,355	93,663	112,486	493,479	695,785	355,226
1896	2,067,980	1,138,166	1,010,019	1,106,140	1,621,201	245,894	29,684	61,902	32,287	114,161	147,050	607,138	845,035	474,928
1901	2,514,818	1,353,054	1,209,785	1,373,151	2,165,230	334,859	40,033	76,005	37,899	141,090	192,136	716,954	....	....

TABLE No. IX.—PERCENTAGES OF SAVINGS BANK BOOKS IN EACH CLASS.

Age and of the year.	PRUSSIA.							BERLIN.					SAXONY.					
	Under 60 M.	60-150 M.	150-300 M.	300-600 M.	600-3,000 M.	3,000-10,000 M.	Over 10,000 M.	1-50 M.	51-100 M.	101-500 M.	501-1,000 M.	1,001-5,000 M.	5,001-10,000 M.	10,001-25,000 M.	25,001-50,000 M.	Over 50,000 M.		
	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17		
1886	....	....	....	....	....	....	....	35.43	18.86	15.89	15.67	14.08	36.84	15.68	27.76	20.26		
1891	29.35	16.42	14.39	15.54	....	- 24.30 -	....	32.81	17.20	15.13	16.00	18.86	36.62	15.4	26.6	21.4		
										March 31st.								
1896	28.65	15.77	13.99	15.32	22.46	3.41	0.41	30.38	16.82	15.58	16.18	24.04	35.19	15.18	26.32	23.31		
1901	27.97	15.05	13.46	15.27	24.08	3.72	0.45	28.15	15.97	14.94	16.49	24.45	....	....	....	....		

TABLE No. X.—BREMEN SAVINGS BANKS; PERCENTAGES OF BOOKS AND SUMS DEPOSITED IN THE INDIVIDUAL CLASSES.

Year.	Under 60 Marks.		60-150 M.		150-300 M.		300-600 M.		600-1000 M.		1,000-5,000 M.		5,000-10,000 M.		Over 10,000 M.	
	Books.	Sums deposited.	Books.	Sums deposited.	Books.	Sums deposited.	Books.	Sums deposited.	Books.	Sums deposited.	Books.	Sums deposited.	Books.	Sums deposited.	Books.	Sums deposited.
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
1883	42.15	0.97	12.63	1.78	10.15	3.08	11.02	6.63	7.15	7.88	14.29	42.62	1.77	16.82	0.84	20.22
1888	43.10	1.03	11.97	1.85	9.37	3.14	10.72	7.21	8.55	10.58	13.92	44.10	1.81	19.26	0.56	12.83
1893	45.23	1.18	12.02	2.09	9.29	3.51	10.29	7.79	7.93	11.01	13.38	46.40	1.41	16.78	0.45	11.24
1898	45.26	1.20	12.18	2.16	9.14	3.63	10.29	7.96	7.58	10.67	13.45	47.80	1.45	17.62	0.35	8.96

Invalidity and Old Age Insurance Law of June 22, 1889, enforced on January 1, 1891), and that many clients of savings banks, who would have otherwise belonged to the second, third, or fourth classes (up to 150, 300 and 600 marks) had to content themselves with the smallest deposits (under 60 marks). That this was really the case is proved by the yearly percentile increase in the number of books of each of the above-mentioned classes in ratio to the number of books of the preceding year. We see that while in the second class this ratio of increase went down from 3.96 per cent. in 1889-90 to 2.25 per cent. in 1901-02, in the third class from 3.49 per cent. in 1889-90 to 1.86 per cent. in 1901-02, and in the fourth from 7.22 per cent. in 1889-90 to 3.16 per cent. in 1901-02; in the first it decreased only from 5.48 per cent. in 1889-90 to 3.99 per cent. in 1901-02 and, most remarkably, it attained 6.38 per cent. in 1890-91. Meantime the proportion of increase in the last three classes of deposits (600-3,000, 3,000-10,000, and over 10,000 m.) was oscillating from year to year, as follows.<sup>1</sup> In consequence of this we find an

Category of books.	1889-90.	1891-92.	1892-93.	1893-94.	1896-97.	1897-98.	1898-99.	1899-00.	1901-02.
600-3,000.....	7.38	4.23	4.23	5.91	6 60	6.27	6.83	5.69	6.98
3,000-10,000.....					11.11	7.28	6.29	5.57	10.85
Over 10,000 m...					7.38	6.67	5.71	6.24	10.98

Increase in % of the amount of the preceding years.

ever increasing percentage of books in these last three categories; adding the rubrics 6, 7 and 8 of table No. IX, we receive for the successive years from 1889 to 1901 the following progression: 23.95 per cent.; 24.08 per cent.; 24.30 per cent.; 24.41 per cent.; 24.70 per cent.; 25.26 per cent.; 25.28 per cent.; 26.28 per cent.; 26.56 per cent.; 26.92 per cent.; 27.08 per cent.; 27.38 per cent.; 28.25 per cent. of the total number of deposits.<sup>1</sup>

<sup>1</sup> Compiled from the *Volksw. Zeitschr. Die Sparkasse*, l. c., and the *Bulletin de Stat. et de Législ. Comp.*, l. c. For the lacking years no data are published.

<sup>1</sup> G. Evert, "Die preuss. Sparkassen im Rechnungsjahre" 1901, in the *Zeitschr. d. preuss. Stat. Bureaus*, vol. xxiii, Berlin, 1903, p. 207, alludes to the possibility of increasing the higher classes by deserters from the lower ones and the habit of some new relief clubs (*Hilfskassen*) and other legal

Quite analogous was the course of events in Baden; there, the small deposits (up to 1,000 m.) constituted a decreasing part of the general number, namely in 1881, 76.86 per cent., in 1890, 75.26 per cent., in 1895, 73.82 per cent., and in 1900, 73.09 per cent. Here also the lowest deposits benefited by the sudden fall in the ratio of deposits from 101 up to 1,000 m. (especially in 1890). The two higher classes increased uninterruptedly.

PERCENTAGES OF THE TOTAL NUMBER (BADEN).

Year.	1-100 m.	101-1,000 m.	1,001-5,000 m.	5,000 and more
1881	23.74	53.12	20.63	2.51
1890	26.29	48.97	21.70	3.02
1895	26.46	47.36	22.88	3.29
1900	26.29	46.80	23.36	3.55

A somewhat different picture is presented by Saxony, where not only the deposits over 600 m., but also those from 300-600 m., were progressing in an ever increasing ratio; they constituted of the general number of deposits,

In the year	1894.	1895.	1898.	1899.
300-600 m. ....	13.49%	13.58%	13.80%	13.92%
Over 600 m. ....	22.24	22.84	23.55	23.60

which indicates that in Saxony not only the wealthier, but also the lower middle class, was taking an increasing part in the savings movement. Even here it is fairly evident that the lowest class of deposits (up to 60 m.) was in all likelihood reinforced by deserters from classes two and three (60-150 and 150-300 m.), as its ratio was on the increase for a certain time<sup>1</sup> (from 1881 till

persons of investing their disposable funds in savings bank deposits; he remarks, however, quite correctly: "Auf die Zahl der Sparkassenbücher dürfte das freilich nur wenig Einfluss haben, da diese Einleger höchstens nach Tausenden, aber nicht nach Hunderttausenden oder gar Millionen zählen können . . ." He evidently does not insist upon these facts.

<sup>1</sup> It is very interesting to state that the first group showed in Saxony a constant decrease from 1849 (44.41 per cent.) to 1876 (31.19 per cent.), while the groups two and three an almost uninterrupted decrease till now; meantime the ratios of the groups four (300-600) and five (over 600 m.) showed a constant rise from 1849 (8.97 and 3.50 per cent. resp.) till now. Comp. the art. "Das Sächsische Sparkassenwesen von 1849 bis 1888" of Victor Böhmert in the *Zeitschrift d. Kön. Sächs. Stat. Bur.*, vol. xxxvi, Dresden, 1890, p. 195, where are tabulated these percentages for the period from 1849 to 1888.

1894), and it began to fall only in the last few years (in 1881, 33.71 per cent., in 1894, 36.44 per cent., and in 1899, 34.46 per cent.).

A picture, distinct from the former and extremely characteristic, is given by the Bremen savings banks statistics (table No. X). Nearly one half of the total number of depositors consists of owners of savings books up to 60 m.; their relative number was increasing almost without interruption from the moment when workmen's insurance became law (from 42.15 per cent. in 1883 to 45.26 per cent. in 1898). The same rising tendency was shown also in the qualitative value of these deposits (comp. col. 2 and 3 of No. X). But here a surprise is in store for us, when we find that, in spite of this quantitative and qualitative advance, half of the depositors represent a little more than one per cent. (1.20 per cent. in 1898) of the total sum of deposits. A counterpart to this in a different sense is found in columns 12 and 13, from which we see that the comparatively small group of depositors (1,000-5,000 m.) which constituted in 1883 14.29 per cent., and in 1898 13.45 per cent. of the total number of depositors, possesses almost half the capital of the Bremen savings banks (in 1883, 42.62 per cent., in 1898, 47.80 per cent.). Equally interesting is the inverse relation between the neighboring columns: 4 and 5, 6 and 7, 8 and 9, 12 and 13, 14 and 15, viz. between the relative quantity and quality of the deposits belonging to each of those classes. We find that an ever increasing amount of deposits is held by a decreasing number of books. A turning point is represented by the class 600-1,000 m., where both columns (10 and 11) rise (but here also, the column for the relative height of deposits, much more quickly than the column for the number of deposits). The last class, with deposits over 10,000 m., is falling steadily in numbers, a fact which is by no means surprising, as in a commercial city it should not be difficult to invest such sums as securely as in savings banks, and yet more profitably.

In conclusion, we shall consider the Berlin statistics as presenting an example of metropolitan life, where the extremes of capitalistic organization meet. Under these circumstances, hand in hand with a rapid increase of the ratio of depositors, possessing

300-600 and above 600 m. (comp. tables VIII and IX) the ratios of the three lowest classes decrease in proportion. Therefore, in Berlin, too, savings banks become more and more an institution for the middle class, by whose prosperity their business is increased, while to the working classes they serve merely as a subsidiary means of saving.

As such, they have to leave the place free for more important and urgent expenditure, as soon as such presents itself.<sup>1</sup> This is well proved by the figures which we have compiled to show changes in the consumption of commodities and in emigration. Since 1900, the opportunities for wage earnings decrease<sup>2</sup> (as shown by the small consumption of coal and iron), while the retail prices of food-stuffs rise quickly. In accordance with the well known law of value, the work-people, suddenly attacked by two such calamities, consume less wheat, rye, sugar, and alcohol<sup>3</sup> and more potatoes and barley; the next consequence is the sudden increase of German emigration, that had been rapidly declining since 1891. In such times savings banks have clearly few chances to find fresh clients among the working class; but in the face of the adduced facts, we should hesitate to explain this decrease in the number of small depositors since 1900, by an increasing frivolity and prodigality.

<sup>1</sup> An elaborate table showing emigration, recent prices of meat, and consumption of coal, iron and other commodities had to be omitted on account of space.—THE EDITORS.

<sup>2</sup> According to J. Zastrow's "Die Krisis auf dem Arbeitsmarkte," in *Die Störungen im Deutschen Wirtschaftsleben während der Jahre 1900 ff.*, vol. 5 [*Schriften d. Ver. f. Sozialpolitik*, vol. cix], Leipzig, 1903, p. 6, there were in Germany for 100 situations offered to the Labor Bureaux:

TABLE NO. XI.—MALE APPLICANTS FOR WORK.

Year.	Jan.	Feb.	March.	April.	May.	June.	July.	August.	Sept.	Oct.	Nov.	Dec.
1896	231.4	176.7	128.4	133.8	143.6	141.3	144.0	143.8	135.0	149.8	182.2	201.4
1897	187.8	170.5	119.2	120.6	133.0	123.9	122.1	121.3	116.4	126.9	169.2	177.6
1898	179.2	157.8	114.8	119.0	125.1	121.6	119.9	116.3	104.7	119.3	143.3	153.0
1899	156.2	127.0	100.5	104.8	109.2	102.1	109.5	103.9	109.2	116.5	141.5	153.7
1900	154.9	135.3 <sup>1</sup>	117.9	102.2	118.2	119.4	131.7	121.5	123.1	148.2	203.6	233.4
1901	228.2	202.4	149.8	140.8	174.8	183.3	182.4	186.9	177.2	231.5	272.4	325.7
1902	347.9	315.9	198.3	176.4	224.3	212.0	197.8	202.4	161.0 <sup>1</sup>	213.2	292.8	274.2

(<sup>1</sup>) Figures printed in full-face denote the beginning and the end of the crisis on the labor market.

<sup>2</sup> Comp. the table of consumption of brandy and beer (No. XXIV).



We have come to the end of our analysis, and if now we compare the evolution of individual savings banks, we find that they show one feature in common, indubitably closely connected with workmen's insurance. We have seen clearly how the depositors segregate into two orders: the ones who rely for cases of emergency entirely or chiefly upon the savings placed in the savings banks ("middle classes"); the others who keep in the savings banks merely smaller sums for minor unforeseen expenditures, as they are absolutely unable to insure themselves against greater risks by their comparatively insignificant deposits. This want is supplied in a much more economic and certain way by insurance,—and by compulsory insurance in Germany, which, as is rightly observed by T. M. Rubinow<sup>1</sup> is "not in the least directed *versus saving*, but *versus charity*." The whole measure was intended implicitly not for the abolition of savings, but to supplement them. It was to be expected that, when hundred of millions were put together yearly by the work-people, the savings banks would have to feel the drain; but as the absolute numbers of depositors and of sums deposited in savings banks has not decreased, and as the savings of working classes visibly grow, the German legislator may contemplate his work with just pride. And this also may be repeated with special stress, that not by those sums only that are deposited by the work-people in the savings banks, but by these, added to the total of their contributions to workmen's insurance, may we form an idea of the true state and development of their thrift, and of the influence of social insurance.

N. PINKUS.

Göttingen.

<sup>1</sup> In his recent article: "Labor Insurance" in *The Journal of Political Economy*, vol. xii, No. 3, June, 1904, p. 362.

## BOOK REVIEWS.

*Report of the Commission on International Exchange.* Washington: Government Printing Office, 1903—518 pp.

The labors of the United States Commission on International Exchange of last year mark a distinct departure from the trail previously traveled by international monetary conferences.

The theme was not, as in the other cases, bimetallism, or the remonetization of silver. It was instead, mono-metallism, the extending of the gold standard over those nations and colonies that are still on a silver or copper basis.

The method pursued was also novel. The general conference was abandoned, the idea being that resolutions reached by compromise between irreconcilable differences of mind do not carry telling weight, while at the same time the unwieldiness of a large assemblage prevents close and tenacious discussion of new ideas and new proposals. The Commission did its work by means of individual meetings with the corresponding commissions appointed by the Powers taking part in the movement. Following this plan, the United States Commissioners were enabled to press home their arguments the more consistently, and to lay a proper share of stress on the educative element of their campaign.

As missionary work calculated to open the eyes of the civilized nations to the detriment done the progress of the whole world by the existing disparity of metallic standards, the efforts of the Commission must be regarded as of the very highest value, and it must be considered that those efforts were skilfully and intelligently directed. The importance of the subject cannot be overestimated. Without a doubt, action must some day be taken to close the remaining gaps between gold currencies and silver currencies. That event, as clearly indicated in the powerful arguments of the Commission, will make possible the spread of the modern economic civilization to China and the inert silver-standard regions of Asia.

As work intended to attain a specific object by direct means, the efforts of the Commission were, and will remain for the present, comparatively fruitless. The report is much stronger and more interesting on the expository side than in the proposals, although, from the nature of the case, a great deal of energy was expended upon the advancement of definite projects.

The original source of the Commission is to be found in the nearly identical notes of China and Mexico to our State Department in January, 1903, asking the support of the United States in an international movement that should prepare the way for, and promote, the carrying out of measures to put the still remaining silver standard countries on a gold basis. The interest of Mexico in the matter, that country being apparently the prime mover in the joint action, seems to have been due as much to the desire to preserve an extended market for her silver in China, as to a desire to have the stabilization of her own currency facilitated. The Mexican Commissioners, who accompanied our own, harped constantly upon the desirability of doing something for silver. Our Commission, by bringing forward the monetary device of the exchange fund to the exclusion of all others, and possibly, by its advocacy of greater uniformity in coinage purchases of silver by the gold standard nations, seems to have shown that it carried the interests of Mexico, as a silver producer, in mind along with its proposals for currency reform. It is but natural that this should be so in view of the genesis of the Commission and in view also of the fact that two of its members, Professor Jenks and Mr. Conant, had been called in consultation as monetary experts by the Government of Mexico just previous to their appointment by the United States. The report wisely avoids the color of direct championship of silver. The impression given of a bias in that direction, however, together with the absolute commitment to the exchange-fund project for China, worked out in great detail, were, perhaps, unfortunate for the Commission in somewhat clouding over the serious significance of the really vital part of its work.

The proposals of the Commission group themselves under three main headings.

(a) Project for change of standards, with particular reference to China.

(b) Proposal that all the countries and colonies making the change should adopt a uniform coinage ratio of about 32 to 1.

(c) Proposal that the present gold standard countries should, in their purchases of silver, buy with regularity and at stated intervals, refraining from all purchases whenever the price per ounce should go above 28 pence.

It is doubtful if the gold-exchange fund system, recommended for China in substantially the same form that it has in the Philippines, is at all adapted for use outside of well-governed countries with

well-organized finances. The establishment of a powerful banking system in China, and the creation of a robust national monetary control as preliminaries, are, while highly to be desired, somewhat far advanced for a conservative country whose standards of value have never before risen above the bullion stage, and whose actual administration has never been effectively centralized. It is a long jump from a chaotic currency that sells by weight to a uniform token coinage that takes its value from the decree of the government and the exchange operations of a national banking system. No doubt a sufficiently strong government could impose such a currency upon any people. But such a notoriously inefficient and non-progressive government as that of the Chinese will not be able to attempt the task. Nor will the moral support of the European powers be of any avail. A project for currency stabilization in China that refines the use of gold and the possession of gold down to the vanishing point is plainly visionary. It is hard to see also why in view of the enormous natural difficulties in the way of any monetary reform at all, a plan should have been chosen that necessitates a material appreciation of the currency in order to make the new system safe. It would seem as though the currency reform, when it finally comes about, could be better secured by methods that involve a greater displacement of silver by gold, and as small a degree of appreciation as may be possible.

The desirability of uniformity in coinage ratio in the several countries making the change is quite evident. A rise in the market price of silver above the coinage price would tend under this plan to be stopped before it had caused monetary derangement, whereas, if its brunt fell upon the currency of one country alone, a serious shrinkage of circulation might result.

Uniformity of purchase of silver by gold standard nations would, if practiced, considerably steady the price. For German East Africa, and possibly for India, the plan will be tried. For the other countries the need for silver is not constant enough to admit of steady purchases at stated intervals. The Commission takes the ground that a steady price for silver would be a bulwark to the stability of the new monetary systems.

On the expository side there is a great deal in the report of the Commission that is extremely valuable. That part which relates to the circumstances governing the price of silver is highly interesting and full of suggestion. Much that is new and important is brought out here. The argument showing the benefits that would

result from stabilization of exchange is powerful and convincing. The data gathered regarding Chinese monetary conditions, and the accounts, compiled from various sources, of the currency systems of other Asiatic countries, are useful for reference.

The mission to Europe was a tacit recognition of the part the powers play in the control of China, especially in their relations to the indemnity. It was hoped that a part of this would be remitted China during the incipency of the monetary reform. Professor Jenks was sent to China, after the return of the Commission from Europe, and he is in that country now, engaged in furthering the campaign of education among officials, viceroys and merchants. China has already in treaties and in edicts shown signs of stirrings towards monetary reform. One cannot but view with approval the efforts of the Commission to arouse China and the world to a realizing sense of the vast import of the stabilization of international exchange.

MORRELL W. GAINES.

*Organized Labor, Its Problems, Purposes and Ideals, and the Present and Future of American Wage Earners.* By John Mitchell. Philadelphia: American Book and Bible House, 1903—pp. xii, 436.

Mr. Mitchell's book consists of two quite distinct parts, though they are not so designated in the table of contents, the one historical, the other controversial. It also seems to have had two authors, though the title page contains but the name of one. At least the introduction states: "In the compilation of data and in the preparation of 'Organized Labor, its Problems, Purposes and Ideals,' I have been assisted by Walter E. Weyl, Ph.D." The reviewer is, however, justified in disregarding the historical part, which is a mere summary of the statements of well-known authorities. And he is forced to disregard the share of Dr. Weyl in the book, since there is no way of distinguishing his contributions from those of Mr. Mitchell. We shall, therefore, confine our comments to that part of the book, which is indeed the most important, in which Mr. Mitchell discusses, explains, and pronounces himself upon the numerous practical problems of modern trade unionism.

In contrast to many labor leaders, the author takes a broad and on the whole moderate and conciliatory view. Numerous examples could be given of his way of looking at things. The trusts,

he holds, are not likely to diminish the demand for labor. They may, like machinery, cause temporary displacements of labor, but will not in the end reduce the opportunity for employment (p. 200). On the subject of politics he is opposed to creating a labor party, and thinks that the trade unions can secure greater advantages from the existing political parties (p. 207). He especially warns, however, against trying to put working men or men of any other class in "fat jobs." "It occasionally happens," he says, "that political activity, begun with the highest ideals, degenerates into a policy of mere position-grabbing. The inevitable result of such action is demoralization and disintegration (p. 210). But he advocates going to the polls as well as to the primaries (p. 214). He is very outspoken on the subject of violence in labor disputes, and says: "It is perfectly just that all forms of violence be visited with condign and summary punishment," though he adds that "it is unjust that, as frequently happens, peaceful picketing should be castigated" (p. 217). He opposes the attitude which some unions have taken with regard to the militia, and says that their "attitude should be, and almost invariably is, one of tolerance if not of friendliness" (p. 218).

He recognizes the fallacy of trying to make work by diminishing the output, and says that it is "of supreme importance that the present policy of American trade unions, the policy of non-restriction, should be continued and enforced" (p. 259). On the crucial question of the open shop he seems to express himself with some caution, for he says: "I believe that trade unions have a perfect legal and moral right to exclude non-unionists, but that this right should be exercised with the utmost care, and only after persuasion has been tried and has failed" (p. 285). The boycott he considers to be defensible or indefensible according to circumstances (p. 286), but condemns on the whole the secondary boycott, under which the patrons of an enterprise, as well as the enterprise itself, are put under proscription. "As a general rule the further the boycott is removed from the original offender, the less effective it becomes." Though he also adds that there are many cases in which a secondary boycott is absolutely necessary (p. 289).

With regard to the use of physical force, he says: "It is better that the strike be lost than that it succeed through violence and the commission of outrages" (p. 319). Compulsory arbitration of the New Zealand type does not appeal to him, and he says that it is better to seek industrial peace wherever possible in trade

agreements (p. 346). Though a strong trade unionist, he sets public considerations above those of a class, and says: "The wage earners of the country, like the manufacturers, the farmers, the professional classes, the small tradesmen, are all a part of society, and in the long run, no one of these classes can succeed, unless it has the support, approval and sanction of the whole community. The welfare of society is even more important than the welfare of organized workmen" (p. 423).

One of the cleverest pieces of argument is found in the chapter on the incorporation of trade unions. This he opposes, not on the ground that it would increase the responsibility of the union for its own illegal acts, for he says that it is probable that unions are already responsible for them, but because he believes that the vagueness of the law with regard to the rights of trade unions and the bias of the courts would subject them to frequent annoyance and prevent their growth on beneficent lines. And he well argues that the laws of incorporation as they now exist are not adapted to the incorporation of trade unions (p. 229). Very clever is also his argument in favor of the minimum wage. Workers in large establishments cannot be dealt with as individuals, but must be treated as classes or groups, and to show that the employers themselves look at the matter in that light, he says: "Where a strike for higher wages has been successful, the companies invariably apply the increase not only to the men who have struck, but to the non-unionists, who, ostensibly satisfied with conditions, may have worked throughout the strike. The employers thus recognize that there must be one minimum rate prevailing within a shop, and acknowledge at the same time that the non-unionist is to be considered in modern industry not as an individual workman, to be separately contracted with, but like the unionist, as a member of a large industrial group" (p. 280).

The judicious reader need hardly be cautioned against accepting as statements of fact many broad generalizations which represent only the views or inferences of the writer, such as the statement on page 99 that "Without organization and without the interference of the law the individual workman is practically at the mercy of the employer." In the same category falls the statement on page 111 that "Without the active intervention of trade unions the increase in wages which has marked the progress of American industry in the nineteenth century would not have taken place. Some references should also be given for the statement, so con-

trary to the commonly received facts of history, that the employment of women in mines was abolished through the efforts of trade unions. And it is certainly an exaggeration—to put it mildly—to say that “Until quite recently all discussions upon the subject of labor, its rights and duties, assumed the workingman to be a mere animate machine.” It may have been through mere inadvertence that the statement is made (p. 147) that England has passed a compulsory insurance law for accidents, while in France, Germany, Austria, Italy and other continental countries provision is made for compulsory compensation. The insurance laws are in Germany and Austria, and it is in England and France that the principle of compensation has been introduced.

It is gratifying to see that Mr. Mitchell differs so far from many trade union leaders as to say that “The ideal of the trade unions should always be high wages, short hours and great efficiency” (p. 163). This and many other views show that, while the author is by no means free from many of the errors which have clustered about trade unionism, he at least represents a more enlightened and liberal spirit than that which has characterized many of their leaders.

H. W. F.

*The Slav Invasion and the Mine Workers.* By Frank Julian Warne, Ph.D. Philadelphia, J. B. Lippincott Co., 1904—211 pp., price \$1.00 net.

The object of Dr. Warne's book is to convince the reader that unrestricted immigration of cheap labor from southern Europe is fraught with grave perils to our industrial and social organizations; that the Slav invasion into the anthracite coal fields gives us a concrete example of the deleterious effect of this immigration, resulting in labor conflicts, in a lowering of the standard of living, and in political and social evils; that some remedial measures should be adopted to stay the forces of degeneracy, to safeguard the welfare of society, and to preserve our institutions. It is an interesting and instructive picture of the evils which immigrants of a lower civilization bring with them, while the call to action to counteract these evils is loud and strong.

No area of 480 square miles in the Union is so full of dramatic events, of epoch-making incidents, of social unrest, as this anthracite territory in northeastern Pennsylvania. These events and conditions are reviewed in a lucid, capable, and intelligent manner by Dr.



Warne, who has given the book the charm of a romance, while presenting to the reader a prospect where forces come to play which are seldom dreamed of in the quiet of the counting house or in the sanctum where patient investigation is carried on by the academician. The two first chapters tell the story of the union movement among mine workers of Keltic and Teutonic stock, the conflict between the Workingmen's Benevolent Association and the consolidating railroad companies, the various attempts at adjusting wages, and the final defeat of organized labor by organized capital. The following six chapters describe the coming of the Slav; the conflict for subsistence between him and the English-speaking mine workers; the steady but sure victory of the Slav immigrants; the Slav's advantage because of his docility and the changed conditions of the mining industry; the continuous migration of English-speaking mine employees from the coal fields; and the attempt made in the strikes of 1900 and 1902 to stay the downward trend of the net wage because of the low standard of living of the Slav. In chapter IX, Mr. Warne tells us what is the task before the Miners' Union, which has within its fold representatives of sixteen nationalities whom racial prejudice and class hatred have long kept asunder. His faith in the saving power of the Union is strong, stronger possibly than the facts justify. In a subtle discussion of the parallelism between organized capital and organized labor as related to individual rights and the interest of society, the casuist gets the upper hand of the philosopher. The last chapter, which takes up over one-fourth of the book, is a vivid picture of the strike of 1902, the inconvenience and suffering of both the strikers and the public, the agitation for relief, and the final action of President Roosevelt in bringing the contending parties to agree to arbitrate their differences.

The book is well written; the typographical work is excellent, and it is exceptionally free from typographical errors. As a general criticism of the work, we find that the author shows a tendency to sacrifice plain facts to dramatic effect, to discount forces resistless in their effect on organized labor, to generalize too hastily and to give, occasionally, a higher coloring to events than the circumstances justify. In the turbulent period of 1868-1875, the perturbed condition of the financial world, the resumption of the gold standard, racial jealousies and class hatred, the conflict of operators and the insular character of the various sections of the coal fields, were dissolvent forces which the writer hardly mentions. In 1870-1871, the Reading was the only railroad that entered into the business of

mining; the four other leading railroads in the hard coal business had, long before this, secured charters for both mining and carrying coal and had their territory well in hand (pp. 31-32). The three companies controlling the northern field absolutely refused to grant the sliding scale to their employees, and the men remained out for several weeks, insisting on the adoption of the sliding scale after the miners in the southern field had resumed and secured it (p. 20). Mining in the southern field as compared with that of the northern field is really a different art; different conditions prevail, which have checked and will continue to check the migration of mine workers from the one field to the other (p. 85). Lackawanna County is not representative of the northern coal fields, because of the city of Scranton with its 102,000 inhabitants and its diversified industries. It only contains 46 per cent. of the mine workers of the Wyoming region (p. 48). Mr. Warne speaks continually of the Northern and Schuylkill fields as covering all the anthracite territory, and seldom mentions the Lehigh region, which is and has been the seat of disintegrating forces acting most powerfully and persistently. Here the Slav first came and then descended on both sides of the mountain, settling in Nanticoke as early as in Shenandoah and affecting employees under individual companies in the Wyoming Valley as much as in the southern field (p. 90). The check to the Slav in Lackawanna County came from the Delaware, Lackawanna and Western and the Delaware and Hudson Companies, both of whom virtually closed their mines to these men until the change of administration came, when Hallstead and Storrs, Vandling and Simpson resigned and new men, acted upon by forces we need not mention, opened the gates and let the Slav into the collieries of these companies (p. 85). No women have ever been employed in Pennsylvania as laborers (p. 70), although some of them go to the breaches to steal coal. Mauch Chunk is called the "Switzerland of America," the Wyoming Valley, never (p. 86). Bruno, the Italian, is a public school teacher in Bunker Hill, an Italian colony of one hundred and forty families, and not superintendent of public schools in Kline township (p. 106). The Slav brings his drink habit with him, and does not acquire it (p. 112) in the coal field. James and not John McParlan, who disrupted the Mollie Maguires, was an Irish Protestant (p. 34), and only professed the Catholic faith to better effect his purpose. The leading Slav people in coal fields are the Poles, and not the Slovaks (p. 44), as is clearly seen from the general table on page 51.

These few inaccuracies, however, are minor defects and affect not the main purpose of the book, whose thesis is ably and abundantly proved. No one can read the work without being convinced that the menace to our industrial and social life from the incoming immigrants of southern Europe is great, and that the need of remedial action is imperative.

PETER ROBERTS.

Mahanoy City.

*The Citizen: A Study of the Individual and the Government.* By Nathaniel Southgate Shaler, New York, 1904—pp. viii, 346.

In a series of chapters ranging from such themes as "the origin of Mankind" and "the Beginnings of Government" to "the Citizen and the Law" and "Immigration, Universal Suffrage and the Negro Question," Professor Shaler has sought to bring home to young people at the growing age, some of the intricate relationships into which as citizens they must sooner or later enter. The title is, on the whole, a fair index to the contents of the book, since it is not the machinery of government, but the attitude of the individual toward government and the state, which elicits the author's interest.

There is much reason to doubt whether the moral sense can be quickened through books of this character. Formal ethics of the text-book order never yet converted the immoral man from the error of his ways. So much Professor Shaler seems to concede, when he writes, "such teaching is not easy to be had from books; it is of a kind that needs come directly from a teacher." He has succeeded, nevertheless, in writing a book which may be read by young people with considerable profit. He does not weary by dull moralizing; he does not offend by over-much instruction; and he does not commit—at least, not often—that sin, unpardonable to the ears of young folk, of seeming to 'talk down' to them.

Older readers will find much to criticise adversely. There are statements so unqualified as to be almost untruths, conclusions that do violence to accepted premises, and defects that obviously spring from insufficient information or from misinformation. Does Professor Shaler mean to quote the Declaration of Independence, when, he uses the words "all men are born free and of equal rights" (p. 32)? That much-misquoted document contains no such phrase. What Jefferson did say is, "all men are created equal." To

be sure, Sir Henry Maine made the same misquotation, and many another English writer after him, but an American should know better. The chapter on party allegiance, admirable as it is in spirit, is misleading in its conception of the modern political party. To find a continuous history for the two groups of citizens known at present as Democrats and Republicans, is to strain the facts of party history unwarrantably. Moreover, the binding force of the modern party is much more a matter of machinery and organization than of principle. What will the mature reader think of such a placid refection as this: "Although we hear a great deal about the ills which arise from trusts, syndicates, and 'combines,' evil-doing by them has not very often been found; when it occurs, it is probably sufficiently met by laws," (p. 133)? Or this: "In general, where we hear the men of any business calling denounced as unpatriotic or as pursuing a course which is injurious to the country, it is safe to believe that he who makes the charges is in error, for the very good reason that people are usually honest and desire their country's good?" In these days of overgrown corporations one is bound to smile at the naïve opinion that the only way by which the government can help business is by leaving men to do their business as they like.

It is interesting to note that the author fails to sound his note of buoyant optimism only when he discusses such matters as foreign possessions and the negro question. Perhaps Professor Shaler believes, with many teachers of the young, that whatever may be the author's convictions, the dominant note in a book of this sort should be that of hopefulness. The spirit of this study of the citizen is admirable, and every page reflects the generous sympathies of its versatile author.

ALLEN JOHNSON.

## RECENT LITERATURE.

The appearance in the "Story of the Nations" series (G. P. Putnam's Sons, New York) of "Mediaeval England," by Mary Bateson, marks a distinct departure from the plan of previous volumes. Miss Bateson describes her book in a sub-title as a study of "English feudal society from the Norman Conquest to the middle of the fourteenth century"; within the time limits which she has set she treats of the life of the court, the nobles, the clergy, the burghesses and the country classes. Miss Bateson is well fitted by previous studies to engage in such a work, and has made a valuable contribution to the literature of the social history of England. She speaks modestly of her book as a compilation; one can only wish that more compilations were of this kind. The book bears evidence throughout of such control over facts and appreciation of their significance as are the fruit of scholarly application and original thought. A feature of the book deserving special mention is the excellence of the illustrations; they are good cuts, relevant to the text, and the reader is informed of the source from which they were taken.

Professor Frank M. Anderson's "Constitutions and Other Select Documents illustrative of the History of France, 1789-1901" (The H. W. Wilson Co., Minneapolis), does for the French Revolution and later French history what MacDonald has done for American, and Stephens and Adams for English history. The selection of documents has been judiciously made, the translations so far as we have noticed are exact and clear, and each piece is prefixed by a brief critical note with references to the best general accounts of the period to which it relates. On the whole, no more serviceable contribution has recently been made by an American scholar to the study of French history.

Students of economic literature will welcome so fresh and interesting an account of Adam Smith as Mr. Francis W. Hirst has prepared for the English Men of Letters Series (The Macmillan Co., New York). The principal addition to our knowledge of Smith's literary and scientific labors since the publication of Rae's *Life* nine years ago has been Mr. Edwin Cannan's edition of Smith *Lectures on "Justice, Police, Revenue and Arms."* These lectures Mr. Hirst makes the basis of his study of Smith's development as an economist. Considerable attention is bestowed upon his travels in France and upon the literary history of his works.

It is a curious fact that in the century and a quarter that has elapsed since the Declaration of Independence only two American scholars have prepared historical commentaries upon it. The first appeared fifty-six years ago, forming the second part of Lossing's "Biographical Sketches of the Signers of the Declaration of Independence," and it was an early effort of that historian, meritorious in its aims but unsatisfactory to-day. Dr. Herbert Friedenwald has now undertaken the same task with far better equipment and performed it on the whole in a very satisfactory manner, in his "The Declaration of Independence" (The Macmillan Co., New York). After tracing the rise of the movement for independence, he takes up the document itself and shows how saturated its preamble is with Locke's theories of government, effectually disproving the widespread notion that it echoed Rousseau. The most interesting part, however, of the book to the student of the Revolution is the historical and explanatory commentary on the separate charges against the king and the parliament. Altogether, Dr. Friedenwald's monograph is a contribution of more than common value to American Revolutionary history.

Another monograph of merit, of particular service to the students of the Revolution and of American political methods, is Dr. Agnes Hunt's "The Provincial Committees of Safety of the American Revolution" (Western Reserve University, Cleveland). Miss Hunt gives a careful account of these political agencies in each of the colonies and shows how important their services were in organizing the Revolution. Critical notes and a classified bibliography are appended.

Of the recent larger works relating to this field of history Sir George Otto Trevelyan's "The American Revolution" (Longmans, Green & Co., New York) is incontestably the most interesting reading, whatever misgivings the student may feel as to the author's strong American bias. As in his first volume, the delineations of personal character are most vivid and the illustrative passages drawn from out of the way contemporary material are especially striking. Notable among these is the portrayal of the pitiful life of the loyalist refugees in England, drawn from Curwen's letters and diary.

Mr. Winfield H. Collins, of Claremont College, North Carolina, is the author of the first critical study to be made of "The Domestic Slave Trade of the Southern States" (Broadway Publishing Co., New York). Mr. Collins has brought to light from a variety of

sources much interesting information on this happily obsolete branch of commerce. The most original and valuable part of his book is his critical examination of the historical commonplace that the border States were engaged in slave-breeding for the cotton States market. By an ingenious comparison of population statistics, as presented by the successive censuses, Mr. Collins is able to show that this idea is a popular misconception, and that it is devoid of statistical evidence, and that the movement of colored population to the southwest from Virginia did not proportionately exceed the normal emigration movement of the white population which was going on all the time. On the other hand, there was no disproportionate preponderance of adults in the gulf States and of juveniles in the supposed breeding States, as must have been the case if the exportation of slaves from the border States south greatly exceeded the normal movement of family migration. Footnotes and a classified bibliography enable the student to verify the author's statements.

The wide interest felt in the Hall of Fame established at New York University has incited Mr. George Cary Eggleston to prepare a volume of brief readable biographies of "The American Immortals" (G. P. Putnam's Sons, New York), which shall be a "Record of men who by their achievements in State-craft, War, Science, Literature, Art, Law, and Commerce have created the American Republic, and whose names are inscribed in the Hall of Fame." Each sketch is prefixed by a reproduction of the best portrait available. It would be unreasonable to expect critical research in such studies, and consequently one is not surprised to be told again that Eli Whitney's first cotton gin "was capable of doing the work of a thousand negroes." One is rather surprised, however, at so rigorously critical a judgment of Webster's character in a short popular sketch.

The Reverend James S. Jones has contributed to fill a gap in the field of American biography in his "Life of Andrew Johnson" (The East Tennessee Publishing Co., Greenville, Tennessee). The work deserved to be done, and the author has done it in a sympathetic and friendly spirit. The student will gain some new impressions of Johnson's personality in private relations, but the amount of new material presented relating to his public life is disappointingly small.

From Professor Barrett Wendell's "The Temple of the XVIIth Century in English Literature" (Charles Scribner's Sons, New York) one gets interesting *aperçus* of the relation between literature and political and social history, and of the relations between

New England and Old England Puritanism. The lectures were delivered at Trinity College, Cambridge, and begin with the Elizabethans and end with Dryden.

The great accessions to our knowledge of antiquity derived from archæological excavations impart a particular interest to such a narrative of the daily life of the archæologist in the Orient as is presented by Mr. H. Valentine Geere in his "By Nile and Euphrates. A Record of Discovery and Adventure" (imported by Charles Scribner's Sons, New York). The larger part of the book has to do with the Babylonian expedition of the University of Pennsylvania, the rest with work under Petrie in Egypt.

For the student of history and the social sciences, the Annual Report of the Librarian of Congress (Library of Congress, Washington), with its ample lists of the more important recent purchases, is of much assistance in enabling him to keep up with the principal foreign publications in those fields, particularly with those issued by the different governments.



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# THE YALE REVIEW

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COMMENT.

*Railway Rate Regulation; Cotton Burning in the South.*

THE discussion of governmental regulation of railroad rates involves meeting and overcoming the difficulties arising from two sets of conditions which prevail in the world of transportation: the rivalry between the small shipper and the large shipper; and, distinct from it, the rivalry between the shipper of one section and the shipper of another section of the country. The problem of eliminating personal discrimination, of protecting the small against the large shipper and producer, has agitated the public mind before and since the passage of the Interstate Commerce Act of 1887. Legislation has accomplished something, but not much. As long as the large shipper's claim that he is entitled to more favorable treatment by the railroads than the small shipper, was met by a willingness on the part of the railroads to grant him favors with a view to stimulating their traffic and increasing their earnings, little could be accomplished to prevent personal discrimination. The large shipper's position was clear and reasonable. He asked why the same rule that applies in ordinary trade should not apply to him. If the individual householder is with reason expected to pay more per pound for his beefsteak than the steward of a club or of a hotel pays for his thousand pounds, why should he not secure more favorable rates from the railroads for carrying his regular trainloads than they give to the small shipper who can only offer an occasional carload? The railroads' position was equally



clear. They found it to their advantage to offer the large shipper special rates with a view to securing all his traffic, which might otherwise go elsewhere.

Of late it appears that the interests of the railroads and the large shippers are no longer identical. The railroads are beginning to realize that the big shipper is growing bigger, and from his very bigness is assuming to dictate terms to them, which they are bound to accept. The success of the steel industry a year ago in forcing the railroads to offer lower export rates on steel manufactures was notable. It suggested the possibility of the great industrial combinations becoming the railroads' masters in the near future. No wonder, then, that the railroads with such unanimity are urging Congress to legislate against personal discrimination, whether it be connected with the ownership of private cars or with granting rebates.

Legislation aimed at protecting the shippers of one section against those of another section involves quite different considerations. It is impossible to suppose that railroad rates can be fixed with such skill and fairness as to be satisfactory to all rival sections concerned. The general industrial changes in the country, the moving of population, the moving of the centers of production, whether of grain or manufactures, must inevitably effect changes in trade routes. The New York trunk lines cannot stem the tide of the grain trade via the Gulf ports, if they become its natural outlet. No amount of legislation can rob Cleveland and San Francisco of the advantages they possess in being situated on navigable waters that offer means of cheap transportation in competition with the railroads. To assume that any law, however carefully framed and enforced, any commission, however skillfully manned, could eliminate the rivalry of the various sections of the country, is to ignore the nature of the task involved in rate-making. At present, the railroads fix their rates avowedly from selfish motives with a view to obtaining the maximum net revenue. They wish the largest amount to be produced and put on the market, whether in New York or in London, and on the most advantageous terms. Their rate-policy is clear, logical, and, at least as regards the country as a whole, beneficial.



If the government should undertake to prescribe and enforce railroad rates, it could not possibly be guided by the same motive. It is thus clear that a commission, from which men trained in the railroad business are necessarily excluded, will be expected to face the most intricate and difficult modern industrial problem, which will inevitably be involved with political and other non-industrial considerations. The question is: will a commission, clothed with authority to prescribe and enforce railroad rates, solve the rate problem to the greater satisfaction of all concerned than the railroads do under the present arrangement. Where the railroads have slipped, the commission would tumble. Rates would certainly be disarranged, railroad profits would suffer, and—which is much more to the point—railroad development would be hindered, for the lesson of the Granger legislation thirty years ago must not be forgotten.

Of the alternative methods of meeting the rate problem, free competition may be ruled out by common consent. Whatever advantages the American public owes to the former competition in railroad building, the modern railroad as a carrier of goods is completely removed from the operation of competitive forces. Government ownership, even if practicable in this country, offers no advantages in solving the rate problem, as witness the experience in Europe and elsewhere. The claim that under the present American *régime* the selfish interests of the railroads in their rate-making coincide with the interests of the country as a whole, and that under this *régime*, rather than any other, we are more likely to approach a reconciliation of the various sectional interests concerned, is much strengthened by two assumptions. First, that intelligent railroad management is growing more rapidly than intelligent government. The second assumption is that the railroads will continue to be consolidated into a few large systems. Anti-pooling laws have but hastened the process, other laws and the courts cannot stem the tide or turn it back. By common agreement railroad consolidation has done more than anything else to curb personal discrimination. Similarly, it is fair to expect that railroad consolidation will tend to keep local discrimination within bounds. The fewer and the larger the systems, the less temptation on the part of the railroads to favor

one locality at the expense of another, the stronger the policy to accommodate themselves to the natural industrial development of the country, not to direct it.

Seldom has a small fire produced so much smoke as arose from the recent burning of a bale of cotton in Georgia. The farmer of Clay County was disappointed, if he thought that he was kindling a conflagration. We need not assume that other planters, in refusing to follow his example, were moved by regard for the interests of consumers or respect for the statutes, which, in some States at least, prohibit the wanton destruction of farm products; they had, it is safe to say, intelligence enough to see that a bale of cheap cotton is worth more to them than none at all. No one will deny that, if the cotton burning movement were sufficiently organized and extended, it could restrict the supply so as to increase the total returns to the planters, but there was no promise of success in the act of economic anarchy with which this movement began.

History presents a number of instances of similar attempts to raise the value of a ware by destroying part of the stock. The spice burnings in Amsterdam have become classic. More commonly, however, the producers who control any commodity will choose to regulate the supply at its source, and escape thereby the loss involved in destroying part of the product. The spectacular spice burnings were sporadic and uncommon, while the Dutch pursued as a regular policy the restriction of the output of spices, coffee, and sugar in their Eastern possessions. It is natural, therefore, that the wild talk of cotton burning should have moderated into the generally expressed resolution of Southern planters, that they will restrict the acreage planted to cotton the coming year. To what extent they can realize their hope of imposing restriction on refractory planters must be left for the future to show.

A suggestion of what may be accomplished in organized restriction of product is furnished by the experience of a small country in modern Europe. The seedless raisin, which got its name of Zante currant by being transplanted from Corinth to the little island where it is extensively cultivated, is the most

important product which Greece has to offer to other nations. Currants supply in value more than one-third of the total exports of the country, and the European currant supply is controlled so thoroughly by Greek producers that the government is able to levy an export duty without spoiling the market. An increasing demand for the currant, not only for direct consumption, but also for use in wine-making, raised prices and stimulated an extension of the culture until about 1890, when a reaction came. Greece lost then some of her best customers, the French wine manufacturers, and found herself burdened by over-production of her staple crop. Prices fell in a few years to one-half or one-quarter of what they had been, and voices on all sides demanded relief. A system of regulation was adopted as an experiment in 1895, was renewed from year to year, and in 1899 was established for ten years in a more elaborate form. Sketched in its main points the system is as follows: No producer may export currants until he can attach to his customs declaration a receipt showing that he has deposited in a designated warehouse, a proportion of the amount offered for export, varying from 10 per cent. to 20 per cent. at the will of a government committee. The currants thus retained in the country are sold at auction under the strict provision that they may not be used except for the manufacture of alcohol or wine. A public institution, the Currant Bank, has been created to administer the system; it collects and sells the retained currants, pays the government from the proceeds enough to make up for the former export duty, and adds the rest to capital. In this bank all currant producers who pay the export tax are stockholders, with a voting power conforming to their economic importance, and to this bank they look for advances and loans, and for information on trade conditions.

Among the criticisms directed against the system the following are worthy of note. It is said to be wrong in principle, since it reduces the product and not the means of production, and since higher prices are attained by diverting part of the crop to a less profitable use. Furthermore it is said to work injustice on some classes of producers, since those who export high grade currants, sure of a market, suffer even though they buy low grade currants to meet the requirements of the warehouse regulation. Looking

at the results, however, we find that export prices rose to their former level after the establishment of the system, and even critics of the system admit that it was instrumental in effecting the change. Other factors complicate the price problem; peronosporos has hurt the yield of the vines, and the demand has been affected by customs regulations abroad. The Greeks themselves believe in the efficacy of the system. We read in a report of 1902, "the prices of currants are not high, but the growers hope to obtain good prices for the new crops, on account of the percentage of retention having been fixed at 20 per cent. instead of 15 per cent., as during the last year."

The difficulties, both economic and legal, which would block an attempt to adapt this system to the demands of our southern planters, are too obvious to need enumeration. Even if it were possible to transplant the system, it would be unwise. It is highly probable that the Greek system will have outlived its usefulness in a few years, through some changes in the conjuncture which cannot now be foreseen, and will then remain as a drag on the energies of producers. What is accomplished in Greece by elaborate governmental machinery would be accomplished with less waste by individual initiative in a more advanced country.

The most significant feature in the attitude of the southern planters is their reluctance to assume the responsibilities of their position. They have made a mistake, in producing more cotton than is wanted. They refused at first to recognize it; when the government estimate was published they denounced it as false, and said that hereafter they must make up estimates of their own! Now they are inclined to refuse the prices which would clear the market, and they seek to enlist the sympathies of banks and business men to aid them in holding part of the stock, thus entering the field of speculators who know this part of the business a thousand-fold better than they. It is fortunate for the world that no scheme which they have suggested, and probably no scheme which they can devise, will shift to others the penalty for their mistake, and it is to be hoped that they will learn something from their experience.

## THE ANATOMY OF A GREAT RAILWAY SYSTEM.<sup>1</sup>

THE Vanderbilt system of railways consists of some twenty thousand miles of line lying in the United States and Canada with eastern terminals at New York and Boston. Westward its lines extend to the Dakotas and Wyoming, while they gridiron the great industrial States of the Middle West and the Granger States of Iowa, Illinois, Wisconsin, and Minnesota. Among the great cities which it reaches are Montreal, Buffalo, Pittsburgh, Detroit, Toledo, Cleveland, Chicago, Cincinnati, Saint Louis, Milwaukee, Saint Paul, Minneapolis, Duluth, and Omaha. The lines included in the system are the property of many different corporations, some of which bear no relation of ownership, tenancy or contract to each other, while in still more numerous instances the interrelations of the system are so complex as to render their description extremely difficult. In addition to the companies wholly within their control, the individuals composing the Vanderbilt group of financiers can speak with a greater or less degree of authority in the management of several other important railway corporations, shares in the control of which are vested in some of the corporations which they actually dominate or in themselves as a compact although unincorporated body of business associates.

The operating railway companies of the Vanderbilt system, proper, are thirteen in number and, with their mileage and brief statements of the relations by which unity of management has been effected, are shown in the table which follows.

The statement (Table I) indicates the position of hegemony in the Vanderbilt system occupied by the New York Central & Hudson River Railroad Company (elsewhere in this paper

<sup>1</sup> Unless otherwise noted, the authorities relied upon for the facts presented in this paper are Poor's Manual of Railways (1903 edition), Moody's Manual (1903), The Directory of Directors in the City of New York (1904), and the Report on the Statistics of the Railways of the United States (1902) published by the Interstate Commerce Commission. The relations among the different companies and the figures representing mileage, capitalization, etc., are, unless the contrary is stated, those of the year 1902.

TABLE I.—THE VANDERBILT SYSTEM.

Names of Operating Companies.	Length of Line Operated in Miles.			Relations.
	Owned.	Not owned.	Trackage.	
New York Central and Hudson River.	810.25	2,598.20	107.63	Principal operating and holding company.
Lake Shore and Michigan Southern...	1,064.86	348.85	.....	New York Central owns 90.58% of capital stock.
Michigan Central .....	270.07	1,383.98	14.00	New York Central owns 89.73% of capital stock.
Cleveland, Cincinnati, Chicago and St. Louis .....	1,683.99	759.40	86.28	Lake Shore owns 29.55% of outstanding capital stock. Enough to give a majority is supposed to be owned by individuals of the Vanderbilt group.
Lake Erie and Western .....	717.57	162.00	7.43	Lake Shore owns a majority of capital stock.
New York, Chicago and St. Louis...	494.72	17.80	10.50	Lake Shore owns 50.06% of capital stock.
Indiana, Illinois and Iowa .....	204.23	39.44	7.99	Lake Shore owns 97.06% of capital stock.
Pittsburgh and Lake Erie .....	72.54	113.02	.....	Lake Shore owns 50.83% of capital stock.
Toronto, Hamilton and Buffalo .....	85.64	.....	3.67	Controlled jointly by New York Central, Michigan Central, Canada Southern and Canadian Pacific railways.
Detroit, Toledo and Milwaukee .....	133.16	.....	.....	Lake Shore and Michigan Central each own one-half capital stock.
Lake Erie, Alliance and Wheeling....	61.00	.....	.....	Lake Shore owns all capital stock.
Chicago and Northwestern .....	7,143.96	102.48	26.72	No corporate relation. Controlled by common interests.
Chicago, Saint Paul, Minneapolis and Omaha .....	1,523.89	63.70	69.59	Chicago and Northwestern owns a majority of capital stock.
Total .....	14,265.88	5,588.87	333.81	
			20,188.56	

referred to as the New York Central). Although the railway which it directly owns is scarcely more than eight hundred miles in length and lies wholly within the State of New York, it owns all but about 10 per cent. of the voting securities of the Lake Shore & Michigan Southern Railway Company (hereafter referred to as the Lake Shore) and the Michigan Central Railroad Company, and through the former exercises control of seven of the ten remaining companies of the system. A dominating voice in the affairs of one of the others is exercised by the New York Central, partly in its own corporate right and partly through the Michigan Central and a subsidiary corporation of the latter, the Canada Southern Railway Company. In addition, the New York Central, as will appear hereafter, is the lessee and operating agent of railway corporations by which its line is extended to Boston, Montreal, Ogdensburg, Oswego, and into the bituminous coal fields of Pennsylvania. Additional evidence of the position occupied by the New York Central is to be found in the fact that its president holds a similar position in the corporations owning the Lake Shore; Indiana, Illinois & Iowa; Lake Erie & Western; Pittsburgh & Lake Erie; Detroit, Toledo & Milwaukee; and Lake Erie, Alliance & Wheeling railways, and is a member of the directorates of the Michigan Central; New York, Chicago & Saint Louis; Cleveland, Cincinnati, Chicago & Saint Louis; and Toronto, Hamilton & Buffalo companies. The only companies of the system in whose management he does not participate directly are the Chicago & Northwestern and the Chicago, Saint Paul, Minneapolis & Omaha. The chairman of the board of directors of the New York Central is a member of the board of each of the last two companies named, as well as of those of the Cleveland, Cincinnati, Chicago & Saint Louis; Lake Erie, Alliance & Wheeling; Michigan Central; Lake Shore; and New York, Chicago & Saint Louis. He is chairman of the directorates of the last three companies.

The relations between the thirteen operating companies are further disclosed by the following statement, showing the names of the individual directors and the companies in which they serve.

TABLE II.—DIRECTORS OF THE VANDERBILT SYSTEM.

(x opposite the name of any director indicates membership in the board of directors of the company named at the head of the column.)

Names.	COMPANIES REPRESENTED.													Number
	New York Cent.	Lake Shore.	Mich. Cent.	C. C. & St. L.	Lake Erie & W'n.	N. Y. C. & St. L.	Ind. Ill. & Ia.	P. & L. Erie.	Toronto, Ham. & Buf.	Det. Tol. & Buf.	L. E. A. & W.	C. & N. W.	C. St. P. & M. & O.	
Barger, Samuel F. . .	x	x	x									x		4
Brown, W. C. . . . .		x			x		x			x	x			3
Cox, Charles F. . . . .						x			x	x				3
Depew, Chauncey M. .	x	x	x	x		x					x	x	x	10
Hughitt, Marvin . . . . .												x	x	2
Keep, Albert . . . . .												x	x	2
Kimball, David P. . . .												x	x	2
Ledyard, Henry B. . . .			x				x		x	x				4
Mills, Darius O. . . . .	x	x												2
Morgan, J. Pierpont . .	x		x	x	x	x								5
Newman, William H. . .	x	x	x	x	x	x	x		x	x	x			10
Rockefeller, William . .	x	x	x											3
Schoonmaker, Jas. M. . .		x				x		x						3
Stillman, James . . . . .	x		x									x		3
Twombly, Hamilton McK. . . . .	x	x	x	x	x	x	x	x			x	x	x	11
Smith, Byron L. . . . .												x	x	2
Vanderbilt, F. W. . . . .	x	x	x	x	x	x		x			x	x	x	10
Vanderbilt, W. K. . . . .	x	x	x	x	x	x	x	x	x		x	x	x	12
Worcester, Edwin D. . . .		x	x				x	x		x	x			6
Number of directors of each company who serve in but one directorate. . . . .	3	1	2	5	3	1	3	7	3	2	2	7	5	44
Total . . . . .	13	12	13	11	9	9	9	12	7	7	9	17	13	141

The foregoing shows that out of a total membership of one hundred and forty-one in the directorates of the thirteen operating companies, no less than ninety-seven or 68.79 per cent. of the memberships are held by nineteen individuals who serve in from two to twelve boards each. Four individuals, including three members of the Vanderbilt family and the president of the New York Central, hold forty-three directorships in the thirteen companies. The following table shows a further analysis of Table II.

Little explanation is necessary. It shows that members of the directorate of the New York Central cast eight out of twelve ballots in the board of the Lake Shore, nine out of thirteen in that of the Michigan Central, six out of eleven in that of the



TABLE III.—NUMBER OF DIRECTORS COMMON TO DIFFERENT LINES OF THE VANDERBILT SYSTEM.

Companies.	Number of Directors of Company named in First Column who serve also as Directors of—												
	New York Central.	Lake Shore.	Michigan Central.	C., C., C. & St. L.	Lake Erie & West- ern.	New York, Chicago & St. Louis.	Indiana, Illinois & Iowa	Pittsburgh & Lake Erie.	Toronto, Hamilton & Buffalo.	Detroit, Toledo & Milwaukee.	Lake Erie, Alliance & Wheeling.	Chicago & North- western.	Chicago, St. Paul, Minneapolis & Omaha.
New York Central .....	13	8	9	6	5	6	3	3	2	1	5	6	4
Lake Shore .....	8	12	8	5	5	6	5	5	2	3	7	5	4
Michigan Central.....	9	8	13	6	5	6	5	4	3	3	6	6	4
C., C., C. & St. L. ....	6	5	6	11	5	6	3	3	2	1	5	4	4
Lake Erie & Western.....	5	5	5	5	9	5	4	3	2	2	5	3	3
N. Y., C. & St. L. ....	6	6	6	6	5	9	3	4	3	2	5	4	4
Ind., Ill., & Iowa .....	3	5	5	3	4	3	9	3	3	4	5	2	2
Pittsburgh & L. E. ....	3	5	4	3	3	4	3	12	1	1	4	3	3
Tor., Ham. & Bu.....	2	2	3	2	2	3	3	1	7	3	2	1	1
Det., Tol. & Mil. ....	1	3	3	1	2	2	4	1	3	7	3	..	..
L. E., A. & Wheeling ....	5	7	6	5	5	5	5	4	2	3	9	4	4
Chicago & N-W .....	6	5	6	4	3	4	2	3	1	..	4	17	8
C., St. P., M. & O. ....	4	4	4	4	3	4	2	3	1	..	4	8	13

Cleveland, Cincinnati, Chicago & Saint Louis and six out of nine in that of the New York, Chicago & Saint Louis. Five Lake Shore directors constitute a majority of the board of the Indiana, Illinois & Iowa; six vote in the board of the Chicago & Northwestern and four in that of the Chicago, Saint Paul, Minneapolis & Omaha.

Returning to Table I, it will be seen that the New York Central, either directly or through one or more of the corporations of whose shares it possesses all but a relatively insignificant minority, owns more than half of the voting securities of eight of the remaining twelve operating companies of the Vanderbilt system. The control of two of the others, the Cleveland, Cincinnati, Chicago & Saint Louis and the Toronto, Hamilton & Buffalo, is probably no less firmly established, and the recent defeat of a most determined and strongly financed attempt to limit the control over the Chicago & Northwestern, which in turn is firmly entrenched in the direction of the Chicago, Saint Paul, Minneapolis & Omaha, may be regarded as evidence of the extreme improbability of a successful termination of any effort to detach these properties from the system.

Table I shows that although the New York Central owns but 810.25 miles of railway, it directly operates 3,516.08 miles, or more than four times the amount owned. The aggregate directly operated mileage is made up as follows:

TABLE IV.—MILEAGE DIRECTLY OPERATED BY THE NEW YORK CENTRAL.

	Miles.	Per cent. of total.
Owned .....	810.25	23.04
As lessee:		
Owned by lessors .....	2,119.02	60.27
Controlled by lessors ...	362.49	10.31
Operated under contracts not otherwise specified.....	28.78	.82
Operated as agent .....	87.91	2.50
Trackage <sup>1</sup> .....	107.63	3.06
Total .....	3,516.08	100.00

<sup>1</sup> The word "trackage" refers to line belonging to and operated by another company over which the right to run trains has been secured by agreement.

The owned mileage, which lies wholly within the State of New York, consists of 440.69 miles of main line, beginning at New York City and terminating at Buffalo, and 369.56 miles of branch lines. Three only of these branches exceed twenty-two miles in length, but these three have a combined length of 259.62 miles. They extend, respectively, from Syracuse to Rochester via Auburn, from Canandaigua to North Tonawanda, and from Rochester to Niagara Falls. The average length of remaining branches is 10.99 miles. Of the 2,598.20 miles, exclusive of trackage, operated but not owned, which constitute 73.90 per cent. of the mileage operated by the New York Central, 2,481.51 miles or 95.51 per cent. are operated by the company as lessee for the owning or controlling corporations. The New York Central is also the lessee of the Dunkirk, Allegheny Valley & Pittsburgh Railroad, which is operated, however, by the Lake Shore as its agent. The following statement shows the lines leased to the New York Central.

The New York Central controls, as shown by the foregoing, 312.49 miles of line through leases or other contracts which place them under the direct control of companies which in turn have become its lessors. The facts in regard to this mileage appear below.

TABLE V.—LINES LEASED TO THE NEW YORK CENTRAL.

Names of the Controlling Corporations.	Date on which the lease began.	Term of lease in years.	Length of line covered by the lease, in miles.				Payments on account of leased lines for the year ended June 30, 1902.		
			Owned.	Not owned.	Track-age.	Total.	Rental.	State Tax on capital stock.	
Beech Creek Railroad	1890, Oct. 1	999	159.69	.....	.....	159.69	\$ 451,600.00	\$30,035.00	
Beech Creek Extension Railroad	1901, May 22	999	58.62	.....	50.00	108.62	(i)	(i)	
Boston and Albany Railroad	1900, July 1	99	304.57	88.40	.....	392.97	2,420,168.71 <sup>(i)</sup>	543,036.34 <sup>(i)</sup>	
Carthage and Adirondack Railway	1893, May 1	(i)	45.85	.....	.....	45.85	44,000.00	.75	
Fall Brook Railway	1899, May 1	999	91.51	.....	.....	91.51	175,000.00	20,125.00	
Gouverneur and Oswegatchie Railroad	1892, July 8	(i)	13.24	.....	.....	13.24	15,000.00	7.50	
Mohawk and Malone Railway	1902, April 16	(i)	182.22	.....	.....	182.22	293,420.84	6.75	
New Jersey Junction Railroad	1886, July 1	100	4.77	.....	.....	4.77	68,000.00		
New York and Harlem Railroad	1873, April 1	401	129.35	7.25	.....	136.60	1,420,000.00 <sup>(i)</sup>	23,333.33 <sup>(i)</sup>	
New York and Putnam Railroad	1894, Jan. 12	(i)	56.83	2.05	.....	58.88	221,000.00 <sup>(i)</sup>	9.75 <sup>(i)</sup>	
Pine Creek Railway	1899, May 1	999	74.96	.....	.....	74.96	245,000.00	4,613.25	
Rome, Watertown and Ogdensburg Railroad	1891, March 14	(i)	409.69	214.79	.....	624.48	1,311,432.46 <sup>(i)</sup>	21,603.79 <sup>(i)</sup>	
Spruett Duyvil and Port Morris Railroad	1871, Nov. 1	99	6.04	.....	.....	6.04	79,120.00	1,978.00	
Syracuse, Geneva and Corning Railway	1899, May 1	999	64.27	.....	.....	64.27	156,396.99	1,987.50	
Troy and Greenbush Railroad	1851, June 1	.....	5.56	.....	.....	5.56	19,250.00	481.25	
Wallkill Valley Railroad	1899, May 1	(i)	32.88	.....	.....	32.88	31,850.00	495.00	
West Shore Railroad	1886, Jan. 1	475	478.97	.....	.....	478.97	2,000,000.00		
Dunkirk, Allegheny Valley and Pittsburgh Railway	1872, Dec. 1	501	90.60 <sup>(i)</sup>	.....	.....	90.60 <sup>(i)</sup>	223,000.00	15.00	
Total	.....	.....	2,209.62	312.49	50.00	2,572.11	\$9,174,239.00	\$647,728.21	

<sup>(i)</sup> Leased in perpetuity.and a new one made to run during the existence of the company and any extensions thereof. <sup>(i)</sup> During corporate existence.<sup>(i)</sup> Including properties held under leases to these companies. <sup>(i)</sup> Not operated during the fiscal year 1902.the Lake Shore and therefore not included in operated mileage of the New York Central. <sup>(i)</sup> Operated by

TABLE VI.—LINES LEASED TO THE LESSORS OF THE NEW YORK CENTRAL.

Names of the Owning Corporations.	Names of the Lessees.	Date on which the lease began.	Term of lease in years.	Length in miles.	Payments on account of these lines for the year ending June 30, 1902.	
					Rentals.	State Taxes on capital stock.
New York and Mahopac Railroad .....	New York and Harlem .....	.....	(1)	7.25	\$265,000.00	.....
Carthage, Watertown and Sackett Harbor Railroad .....	Rome, Watertown and Ogdensburg. 1872, Feb. 1. . .	1872, Feb. 1. . .	(7)	28.76	44,447.79	\$ 731.02
Niagara Falls Branch Railroad .....	Rome, Watertown and Ogdensburg. 1881, Nov. 1. . .	1881, Nov. 1. . .	....	8.58	17,500.00	437.50
Oswego and Rome Railroad .....	Rome, Watertown and Ogdensburg. . . . .	.....	....	27.25	44,500.00	84.38
Utica and Black River Railroad .....	Rome, Watertown and Ogdensburg. 1886, April 14. .	1886, April 14. .	(7)	150.20	159,710.00	1,930.25
Mahopac Falls Railroad .....	New York and Putnam .....	.....	....	2.05	.....	.....
Chester and Becket Railroad .....	Boston and Albany .....	.....	(7)	5.27	691.61	.....
North Brookfield Railroad .....	Boston and Albany .....	1885, Feb. 6. . .	50	4.00	3,000.00	.....
Pittsfield and North Adams Railroad ..	Boston and Albany .....	1876, Dec. 1. . .	99	18.55	22,500.00	9,819.64
Providence, Webster and Springfield Railroad .....	Boston and Albany .....	1867, May 1. . .	10	11.23	7,964.60	.....
Ware River Railroad .....	Boston and Albany .....	1874, Jan. 5. . .	999	49.35	52,500.00	24,047.12
Total .....	.....	.....	.....	312.49	\$617,814.00	\$37,049.91

(1) Lease expires December 31, 1971.

(7) In perpetuity.

(7) Operated under contract.

The fifty miles of trackage shown in Table V, as operated in connection with the Beech Creek Extension Railroad, extend from Keating, Pa., to McElhattan and Youngdale, and belong to the Philadelphia & Erie Railroad, of the Pennsylvania system. The New York Central also operates, under contracts which are not leases, the following properties:

TABLE VII.—LINES OPERATED UNDER CONTRACTS OTHER THAN LEASES BY THE NEW YORK CENTRAL.

Name of Owning Corporation.	Length of Line in Miles.
Tivoli Hollow Railway.....	1.24
Buffalo Erie Basin Railroad.....	.25
New York Central Niagara River Railroad.....	2.81
Pittsburgh and Eastern Railroad .....	13.46
Terminal Railway of Buffalo.....	11.02
Total.....	28.78

Several railways are operated by the New York Central as agent for the owning corporations, although their operating, as well as their financial accounts, are separately kept. The properties so operated are as follows:

TABLE VIII.—LINES OPERATED BY THE NEW YORK CENTRAL AS AGENT.

Name of Corporation Directly Controlling.	Length of Line in Miles.				Name of Corporation Owning Leased portion of Line.
	Owned.	Not owned.	Track- age.	Total.	
Amsterdam, Chuctanunda and Northern Railroad .....	1.50	.....	.....	1.50	.....
Fulton Chain Railway.....	2.21	.....	.....	2.21	.....
New York Central, Hudson River and Fort Orange Railroad.....	1.00	.....	.....	1.00	.....
Raquette Lake Railway.....	18.13	.....	.....	18.13	.....
Saint Lawrence and Adirondack Railway .....	43.07	13.30	8.70	65.07	Grand Trunk Railway.
Total.....	65.91	13.30	8.70	87.91	.....

The relations between the New York Central and some of the companies named in the foregoing tables will be further evident from the following statement of its stock and bond holdings:

TABLE IX.—PAR VALUE OF SECURITIES OWNED BY THE NEW YORK CENTRAL.

Name of Issuing Corporation.	Stocks.			Bonds.		
	Owned by New York Central.	Total Outstanding.	Per cent of total held by New York Central.	Owned by New York Central.	Total Outstanding.	Per cent of total held by New York Central.
American Express Company.....	\$3,000,000	\$18,000,000	16.67	....	....	....
Beech Creek Coal and Coke Company.....	500,000	no data	....	....	....	....
Beech Creek Extension Railroad.....	4,500,000	4,500,000	100.00	....	....	....
Beech Creek Railroad.....	1,250	5,665,000	.22	....	....	....
Buffalo Crdstown Railway.....	80,000	no data	....	....	....	....
Buffalo, Thousand Island and Portland Railway.....	250,000	no data	....	....	....	....
Carthage and Adirondack Railway.....	500,000	500,000	100.00	....	....	....
Carthage, Watertown and Sacketts Harbor Railroad.....	483,800	487,345	99.27	....	....	....
Central Dock and Terminal Railway.....	135,400	487,500	27.77	....	....	....
Chesapeake and Ohio Railway.....	5,000,000	60,541,100	8.26	....	....	....
Chest Creek Railroad.....	20,000	no data	....	....	....	....
Chester and Becket Railroad.....	28,800	50,000	57.60	\$50,000	\$50,000	100.00
Clearfield Bituminous Coal Corporation.....	825,000	no data	....	....	....	....
Dunkirk, Allegheny Valley and Pittsburgh Railroad...	1,067,600	1,300,000	82.12	....	....	....
Dunkirk, Warren and Pittsburgh Railway.....	....	....	....	1,600,000	no data	....
Gouverneur and Oswegatchie Railroad.....	....	....	....	....	....	....
Hudson River Bridge Company.....	350,000	350,000	100.00	....	....	....
Jersey City and Bayonne Railroad.....	500,000	no data	....	....	....	....
Lake Shore and Michigan Southern Railway.....	13,500	no data	....	....	....	....
Mahopac Falls Railroad.....	45,289,200	50,000,000	90.58	....	....	....
Merchants Despatch Transportation Company.....	100,000	100,000	100.00	....	....	....
Michigan Central Railroad.....	2,597,400	no data	....	....	....	....
Mohawk and Malone Railway.....	10,814,300	18,738,000	89.73	....	....	....
Morris Run Coal Mining Company.....	5,000,000	5,000,000	100.00	....	....	....
New Jersey Coal Mining Company.....	56,200	no data	....	....	....	....
New Jersey Junction Railroad.....	100,000	100,000	100.00	....	....	....
New Jersey Shore Line Railroad.....	31,000	no data	....	....	....	....
New York and Putnam Railroad.....	6,500,000	6,500,000	100.00	....	....	....
New York, New Haven and Hartford Railroad.....	500,000	54,685,400	.91	....	....	....

TABLE IX.—PAR VALUE OF SECURITIES OWNED BY THE NEW YORK CENTRAL—Continued.

Name of Issuing Corporation.	Stocks.			Bonds.		
	Owned by New York Central.	Total Outstanding.	Per cent. of total held by New York Central.	Owed by New York Central.	Total Outstanding.	Per cent. of total held by New York Central.
New York, Ontario and Western Railway.....	\$ 1,000	\$38,117,983	.00	....	....	....
Niagara Falls Branch Railroad.....	250,000	250,000	100.00	....	....	....
Oswego Agricultural Fair Association.....	500	no data	....	....	....	....
Oswego and Rome Railroad.....	202,200	225,000	89.87	....	....	....
Pennsylvania and Western Railroad.....	100,000	no data	....	....	....	....
Pine Creek Railway.....	999,000	1,000,000	99.90	....	....	....
Pittsburgh and Eastern Railroad.....	197,500	395,000	50.00	....	....	....
Pittsfield and North Adams Railroad.....	72,200	450,000	16.04	....	....	....
Queenstown Suspension Bridge Company.....	40,000	no data	....	....	....	....
Rome City Street Railway.....	.....	.....	....	\$26,500	no data	....
State Line and St. Pt. Railroad.....	1,850	no data	....	....	....	....
Syracuse, Geneva and Corning Railway.....	821,800	1,325,000	62.02	....	....	....
Terminal Railway of Buffalo.....	500,000	1,000,000	50.00	500,000	\$1,000,000	50.00
Tivoli Hollow Railroad.....	32,500	32,500	100.00	....	....	....
Tonawanda Island Bridge Company.....	50,000	no data	....	....	....	....
Toronto, Hamilton and Buffalo Railway.....	650,000	2,500,000	26.00	....	....	....
Troy Union Railroad.....	15,000	30,000	50.00	....	....	....
Utica and Black River Railroad.....	1,120,000	2,223,000	50.38	....	....	....
Wallkill Valley Railroad.....	330,000	330,000	100.00	580,000	580,000	100.00
Warren and Venango Railroad.....	.....	.....	....	1,300,000	no data	....
West Branch Coal Company.....	105,000	no data	....	....	....	....
Western Transit Company.....	1,000,000	no data	....	....	....	....
West Shore and Ontario Terminal Company.....	2,900	no data	....	....	....	....
West Shore Railroad.....	10,000,000	10,000,000	100.00	....	....	....
Windsor Company.....	503	no data	....	....	....	....
Total.....	\$110,735,463	.....	....	\$4,056,500	....	....

The railway shares and bonds represented in the foregoing statement are carried on the books of the New York Central as being worth \$118,480,725.01, and the stock in other than railway companies at \$8,574,300. The shares of all kinds produced, during the fiscal year 1902, dividends aggregating \$4,507,139.60, or 4.07 per cent. on their total par value and 3.64 per cent. of the value at which they appear on the balance sheet. The interest received on the bonds owned amounted to \$223,000, or 5.50 per cent. on their par, and 6.67 per cent. on their book value. In addition to these amounts \$31,850, representing dividends at  $3\frac{1}{2}$  per cent. and interest at the same rate, on the shares and bonds of the Wallkill Valley Railroad was credited to the construction account of the West Shore Railroad. The New York Central guarantees the principal and interest of the bonds of most of its leased lines, and guarantees the interest on those of the others.

The Lake Shore & Michigan Southern Railway Company is absolutely controlled by the New York Central, which, as already noted, owns 90.58 per cent. of its voting securities. The financial condition of this company and the liberal provisions of its charter enable it to be of great utility as an holding company for the other corporations of the system. As an operating company it directly manages 1,413.71 miles of railway, of which it owns in fee or through proprietary companies 1,064.86 miles, or 75.32 per cent. The directly operated mileage is made up as follows:

TABLE X.—MILEAGE DIRECTLY OPERATED BY THE LAKE SHORE.

	Miles.	Per cent. of total.
Owned in fee.....	833.53	58.96
Owned by proprietary companies .....	231.33	16.36
Leased .....	348.85	24.68
Total .....	1,413.71	100.00

The main line of the Lake Shore, all owned by the company except 27.00 miles which are leased in perpetuity, is 540.04



miles in length. Eight owned branches or divisions vary in length from 2.33 to 131.10 miles. The proprietary companies are wholly owned and their accounts are included in those of the Lake Shore, but against some of them there are outstanding bonds. The leased lines are as follows:

TABLE XI.—LINES LEASED TO THE LAKE SHORE.

Name of the Directly Controlling Corporation.	Date on which the lease began..	Term of lease in years.	Length of line covered by the lease, in miles (all owned).	Annual Rental.
Detroit, Hillsdale and Southwestern Railroad .....	1881, Sept. 5	(1)	64.76	\$ 54,500
Erie and Kalamazoo Railroad.....	....	(1)	27.00	30,000
Fort Wayne and Jackson Railroad. ....	....	(1)	97.83	127,528
Jamestown and Franklin Railroad. ....	1900, Jan. 1	5 <sup>(2)</sup>	53.46	80,745
Kalamazoo, Allegan and Grand Rapids Railroad .....	1869, Sept. 1	999	58.45	78,600
Mahoning Coal Railroad .....	1884, July 1	(1)	47.35	667,974
Total.....	....	....	348.85	\$1,039,347

(1) In perpetuity.

(2) For five years and thereafter until the expiration of one year's notice.

The Lake Shore owns \$349,657 of the stock of the Jamestown & Franklin and \$298,000 of its first mortgage bonds, and is also its creditor on an open account to the extent of \$673,204.98. The company carries at \$2,323,846.98 on its books, 17,318 shares of the common stock and 7,990 shares of the preferred stock of the Mahoning Coal Railroad. The ledger valuations of the stocks and bonds of other companies owned on December 31, 1902, were as shown in the table on p. 360.

Since the date of the report from which this table was compiled, the Lake Shore and the Pennsylvania Railroad, the latter acting through the Baltimore & Ohio Railroad which it controls, have jointly acquired \$55,110,000 in par value of the \$140,000,000 capital stock of the Reading Company. By this arrangement the Lake Shore has come into the possession of an undivided one-half interest in \$12,130,000, par value, of the first preferred, \$27,980,000 of the second preferred and \$15,000,000 of the common stock of the Reading Company. The latter is principally an holding corporation and owns majorities of

TABLE XII.—LEDGER VALUES OF SECURITIES OWNED BY THE LAKE SHORE.

Name of Issuing Corporation.	Stocks.	Scrip.	Bonds.	Total.
Cleveland, Cincinnati, Chicago and Saint Louis	\$7,111,065.37	....	....	\$7,111,065.37
Detroit, Toledo and Milwaukee.....	160,000.00	....	....	160,000.00
Indiana, Illinois and Iowa	4,518,000.00	....	....	4,518,000.00
Lake Erie and Western ...	5,847,016.78	....	....	5,847,016.78
Lehigh Valley.....	1,920,000.00	....	....	1,920,000.00
Merchants Despatch Transportation Company .....	575,700.00	....	....	575,700.00
Mahoning State Line Railroad.....	450.00	....	....	450.00
New York, Chicago and Saint Louis .....	8,447,746.94	....	....	8,447,746.94
Pittsburgh and Lake Erie .	3,675,696.27	....	....	3,675,696.27
Terminal R'lway of Buffalo	200,000.00	....	\$262,255.24	462,255.24
Pittsburgh and Wheeling Coal.....	....	\$22,681.75	....	22,681.75
Pittsburgh, Chartiers and Youghiogheny .....	....	....	28,980.00	28,980.00
Total.....	\$32,455,675.36	\$22,681.75	\$291,235.24	\$32,769,592.35

the voting securities, usually amounting to substantially all outstanding issues, of the various companies composing the Reading system, including the Philadelphia & Reading Railway, the Central Railroad of New Jersey, the Atlantic City Railroad and other minor companies. The Reading Company also owns practically all the stock of the Philadelphia & Reading Coal & Iron Company and, through the Central Railroad of New Jersey, controls in a similar manner the Lehigh & Wilkesbarre Coal Company. Direct control of the Reading Company, and thus of its subsidiary corporations, is now vested in three voting trustees, Messrs. J. Pierpont Morgan, Frederick P. Olcott and C. S. W. Packard, and will remain with them until the first preferred shares have received 4 per cent. dividends for two successive years.<sup>1</sup> In June, 1903, also subsequent to the date to which Table XII refers, \$6,924,200 in par value of the \$11,000,000 common stock of the Hocking Valley Railway was purchased by five railways, the Lake Shore becoming the owner

<sup>1</sup> This condition has now been satisfied and the voting trust dissolved.

of one-sixth. The Erie Railroad took an equal share, and the balance went to three companies of the Pennsylvania system; the Pittsburgh, Cincinnati, Chicago & Saint Louis taking one-third and the Baltimore & Ohio and the Chesapeake & Ohio one-sixth each. In this connection it should be observed that although, as shown in Table IX and hereinafter, the New York Central owns a considerable interest in the Chesapeake & Ohio, the latter is properly classified, for reasons which will be given, as a part of the Pennsylvania system. The par value of the Lehigh Valley shares owned by the Lake Shore is \$3,200,000.

The Michigan Central Railroad Company is third in importance among those wholly controlled by the New York Central. It operates 1,668.05 miles of line distributed as follows:

TABLE XIII.—LINES DIRECTLY OPERATED BY THE MICHIGAN CENTRAL.

	Miles.	Per cent. of total.
Owned .....	270.07	16.19
Proprietary roads .....	56.64	3.39
Leased:		
Owned by lessors .....	1,214.28	72.80
Controlled by lessors.....	113.06	6.78
Trackage .....	14.00	.84
Total.....	1,668.05	100.00

The main line of the Michigan Central, from Detroit, Michigan to Kensington, Illinois, is owned in fee and is 270.07 miles in length. A lease of the Canada Southern for 999 years from January 1, 1904, gives a line from Windsor, in Canada (opposite Detroit) to Suspension Bridge, with several important Canadian branches. This lease has superseded an agreement under which the property which it covers had been operated by the lessee for twenty-one years. The proprietary and leased lines of the Michigan Central appear below.

TABLE XIV.—PROPRIETARY AND LEASED LINES OPERATED BY THE MICHIGAN CENTRAL.

Name of Controlling Corporation.	How controlled.	If leased.		Length of line, in miles.			Annual rental, if leased.
		Date on which the lease began.	Term years.	Owned.	Not owned.	Track- age.	
Battle Creek and Sargis Railway . . . . .	Stock ownership . . . . .	....	..	33.80	..	..	33.80
Bay City and Battle Creek Railway . . . . .	Stock ownership . . . . .	....	..	18.00	..	..	18.00
Detroit and Bay City Railroad . . . . .	Leased . . . . .	....	..	175.73	..	..	175.73
Detroit, Delray and Dearborn R'road . . . . .	Ownership of all stock . . . . .	....	..	4.84	..	..	4.84
Grand River Valley Railroad . . . . .	Leased . . . . .	1870, Aug. 15	999	83.79	..	..	\$ 24,280
Jackson, Lansing and Saginaw R'road . . . . .	Leased . . . . .	1871, Sept. 1.	..	379.23	..	..	70,750
Joliet and Northern Indiana Railroad . . . . .	Lease and stock ownership . . . . .	1854, Sept. 7.	(1)	45.00	..	..	71,000
Kalamazoo and South Haven Railroad . . . . .	Leased . . . . .	....	..	39.50	..	..	35,000
Michigan Air Line Railroad . . . . .	Leased . . . . .	1871, Feb.	..	115.16	..	..	104,000
Terminal Railroad . . . . .	Leased . . . . .	....	(1)	15.34	..	..	29,000
Detroit Manufacturers Railroad . . . . .	?	....	..	1.29	..	..	1.29
Canada Southern Railway . . . . .	Leased . . . . .	1904, Jan. 1.	999	359.24	98.06	15.00	1,375,000 <sup>(2)</sup>
Total . . . . .		....	..	1,270.92	98.06	15.00	\$1,709,030

<sup>(2)</sup> Approximate.<sup>(1)</sup> In perpetuity.

In addition to the line owned by the Canada Southern and that over which it has trackage rights, the lease of that property gives the Michigan Central complete control over the following subsidiary properties.

TABLE XV.—PROPRIETARY AND LEASED LINES OF THE CANADA SOUTHERN.

Name of Directly Owning Corporation.	How controlled.	If leased.		Length of line (all owned).
		Date on which lease began.	Term of lease, in years.	
Canada Southern Bridge	Ownership of all stocks and bonds.....	....	..	3.66
Leamington and Saint Clair Railway.....	Lease and stock ownership.....	1889, Mar. 1	15	13.80
Michigan Midland and Canada Railroad.....	Stock control.....	....	..	14.68
Sarnia, Chatham and Erie Railway.....	Stock ownership.....	....	..	7.00
Toledo, Canada Southern and Detroit Railway..	Ownership of all stocks and bonds.....	....	..	58.92
Total.....	.....	....	..	98.06

The investment of the Michigan Central in its leased lines was carried on its books on December 31, 1902, as \$9,356,105.59, and that in its proprietary lines as \$4,750,982.86; making a total of \$14,107,088.45. The separate items cannot be given.

The Cleveland, Cincinnati, Chicago & Saint Louis Railway Company is an important factor in the railway system of the United States, and in the Vanderbilt system. It operates 2,529.67 miles of railway, although the operating accounts of certain controlled and operated roads are separately kept. The total mileage is distributed as follows:

TABLE XVI.—LINES DIRECTLY OPERATED BY THE CLEVELAND, CINCINNATI, CHICAGO AND ST. LOUIS.

	Miles.	Per cent. of total:
Owned .....	1,683.99	66.57
Owned by proprietary companies.....	334.77	13.23
Leased .....	424.63	16.79
Trackage .....	86.28	3.41
Total.....	2,529.67	100.00

The 1,683.99 miles of owned lines are distributed among seven divisions and five branches, the former varying from 62.36 miles in length to 464.45, and the latter from 2.54 to 49.00 miles. The Chicago division is operated in two "sections," and has its western terminus at Kankakee, Illinois, from whence the company's trains are hauled to Chicago, a distance of fifty-six miles, by the Illinois Central Railroad. The proprietary and leased lines of the Cleveland, Cincinnati, Chicago & Saint Louis are as follows:

TABLE XVII.—PROPRIETARY AND LEASED LINES OF THE CLEVELAND, CINCINNATI, CHICAGO AND ST. LOUIS.

Name of Directly Controlling Corporation.	How controlled.	If leased.		Length of line.			Rental if leased.
		Date on which lease began.	Term of lease, years.	Owued.	Track- age.	Total.	
Columbus, Hope and Greensburg Railroad..	Lease and ownership of all bonds and 61.1% of stock	....	....	26.21	....	26.21	.....
Fairland, Franklin and Martinsville Railroad..	Leased .....	....	....	37.84	....	37.84	.....
Harrison Branch Railroad	Leased .....	....	(1)	7.70	....	7.70	\$14,000
Vernon, Greensburg and Rushville Railroad ....	Ownership of all bonds and 70.2% of stock ....	....	....	45.10	....	45.10	.....
Cincinnati Northern Railroad .....	Ownership of a majority of stock .....	....	....	208.14	39.45	247.59	.....
Kankakee and Seneca Railroad .....	Owued jointly with Chicago, Rock Isl'd & Pacific .....	....	....	42.08	....	42.08	.....
Mount Gilead Short Line Railroad.....	Lease renewable for fifteen year periods .....	1880, May 3	....	2.47	....	2.47	.....
Peoria and Eastern Railway .....	Lease and stock ownership .....	....	(2)	341.39	9.02	350.41	.....
Total .....	.....	.....	.....	710.93	48.47	759.40	.....

(1) In perpetuity.

(2) To April 1, 1940.

(3) Net earnings.

The rentals paid during the fiscal year which ended with June 30, 1902, on account of the properties shown in the foregoing, aggregated \$180,130.52. Securities valued at \$4,117,086.53 are held by the Cleveland, Cincinnati, Chicago & Saint Louis. The list includes securities of the Cincinnati Northern, valued at \$1,091,954.96, and stock of the Chesapeake & Ohio valued at \$2,453,569.81. Since June 30, 1902, the Cleveland, Cincinnati, Chicago & Saint Louis has acquired securities of the Chicago & Southeastern Railway, which it carries on its books at \$552,129.90.

The Lake Erie & Western Railroad Company owns 717.57 miles of railway, of which 417.57, constituting its main line, extend from Sandusky, Ohio, to Peoria, Illinois. A line 160.65 miles in length connects Indianapolis with Michigan City, Indiana, and one 105.22 miles long extends from Fort Wayne to Connersville, Indiana. There are also two owned branches with a total length of 34.13 miles. The operated mileage of this company is shown below.

TABLE XVIII.—LINES OPERATED BY THE LAKE ERIE AND WESTERN.

	Miles.	Per cent. of total.
Owned .....	717.57	80.90
Leased .....	162.00	18.26
Trackage .....	7.43	.84
Total .....	887.00	100.00

The Lake Erie & Western leases but one property, that of the Northern Ohio Railway, whose entire common stock is held and bonds guaranteed, both as to principal and interest, by the lessee. The lease is for 999 years from October 1, 1895. No rental except interest on bonds and taxes appears to have been paid.

The New York, Chicago & Saint Louis Railway Company, popularly known as the "Nickel Plate," substantially parallels the main line of the Lake Shore, and its construction is well known to have been undertaken for the purpose of selling to the latter at a high price. The majority of its voting securities, through which the Lake Shore now exercises control, did not, however, become the property of that company until the corporation which constructed the new line had become bankrupt and its property had passed to the present company as the result of a foreclosure sale. The line operated by the New York, Chicago & Saint Louis is made up as follows:

TABLE XIX.—LINE OPERATED BY THE NEW YORK, CHICAGO AND ST. LOUIS.

	Miles.	Per cent. of total.
Owned .....	494.72	94.59
Leased .....	17.80	3.40
Trackage .....	10.50	2.01
Total .....	523.02	100.00

The property of the Chicago & State Line Railroad Company, consisting of 9.96 miles of line, has been held under a lease by the New York, Chicago & Saint Louis since September 20, 1887, and is operated by the lessee. The annual rental is \$100.00. The New York, Chicago & Saint Louis operates, also under lease, 7.84 miles of line belonging to the Lake Shore.

The Indiana, Illinois & Iowa Railroad Company owns 192.11 miles of main line, extending from South Bend, Indiana, to Ladd, Illinois, and having six branches which aggregate 12.12 miles in length. It operates 251.66 miles, distributed as follows:

TABLE XX.—LINES OPERATED BY THE INDIANA, ILLINOIS AND IOWA.

	Miles.	Per cent. of total.
Owned .....	204.23	81.15
Leased .....	39.44	15.67
Trackage .....	7.99	3.18
Total .....	251.66	100.00

The leased line is the property of the Saint Joseph & Southern Railroad Company, and is held under a lease running for fifty years from March 1, 1900.

The Pittsburgh & Lake Erie Railroad Company owns 68.00 miles of main line, from Pittsburgh to Youngstown, Ohio, and 4.54 miles of branches and operates in all 185.56 miles of railway distributed as follows:

TABLE XXI.—LINES OPERATED BY THE PITTSBURGH AND LAKE ERIE.

	Miles.	Per cent. of total.
Owned .....	72.54	39.09
Owned by proprietary companies .....	.68	.37
Leased .....	112.34	60.54
Total .....	185.56	100.00

The properties indirectly owned and leased by the Pittsburgh & Lake Erie are shown in the following statement:



TABLE XXII.—PROPRIETARY AND LEASED LINES OF THE PITTSBURGH AND LAKE ERIE.

Name of Directly Controlling Corporation.	How controlled.	If leased.		Length of line, (miles all owned).	Annual rental.
		Date on which lease began.	Term in years.		
Beaver and Ellwood Railroad .....	Leased .....	1899, May 1	20	6.47	40% gross earnings.
Ellwood Connecting Railroad .....	Ownership of all stock .....	.....	.....	.68	.....
Mahoning State Line Railway .....	Lease and ownership of all stock .....	1895, Jan. 1	99	3.16	.....
Pittsburgh, McKeesport & Youghiogheny R'way .....	Leased .....	1884, Jan. 1	99	100.79	Interest and 6 per cent. dividends.
Youghiogheny Northern Railway .....	Leased by Pitts., McK. and Yough. ....	1883, Apr. 1	50	1.92	\$1.00 per loaded freight car.
Total .....	.....	.....	.....	113.02	.....

The Pittsburgh & Lake Erie owns stocks and bonds valued at \$483,364.65, including capital stock of the Pittsburgh, McKeesport & Youghiogheny valued at \$139,849.55.

The three smaller lines shown in Table I, the Toronto, Hamilton & Buffalo; the Detroit, Toledo & Milwaukee; and the Lake Erie, Alliance & Wheeling, operate owned mileage only, with the exception of 3.67 miles of trackage used by the first named.

The Chicago & Northwestern and Chicago, Saint Paul, Minneapolis & Omaha railways are properly regarded as belonging to the Vanderbilt system, although there is no relation of ownership or tenancy between them and the New York Central or any of the corporations controlled by the latter. The control exercised over the Chicago & Northwestern is based on the ownership of a strong minority of its voting securities and the confidence of the owners of the balance of power in its corporate affairs, which has the sanction of years of conservative and successful management. The Chicago, Saint Paul, Minneapolis & Omaha is a subsidiary corporation controlled by the Chicago & Northwestern through ownership of a majority of its capital stock. The Fremont, Elkhorn & Missouri Valley Railroad Company was formerly a subsidiary corporation and its entire capital stock was held by the Chicago & Northwestern, but, on February 10, 1903, the shareholders of the latter voted to purchase

the property and franchises of the former, and the transfer having been made, the line is now operated as the Nebraska and Wyoming division. In the statements which follow, the conditions existing at the end of the Chicago & Northwestern's fiscal year 1902, which terminated on May 31, will be given. At that time the Fremont, Elkhorn & Missouri Valley was separately operated. On May 31, 1902, the Chicago & Northwestern directly owned 5,875.20 miles of railway, but 31.77 miles of this was under lease to the Fremont, Elkhorn & Missouri Valley, and the line owned and operated was therefore 5,843.43 miles in length. The owned line includes that formerly belonging to the Sioux City & Pacific Railroad Company, the property and franchises of which were conveyed to the Chicago & Northwestern on August 28, 1901. Under the rather unusual terms of this transfer there has been no merger, in a legal sense, of the two corporations, and the \$96,500 of preferred stock of the Sioux City & Pacific, which is still outstanding and on which dividends at the rate of 7 per cent. per annum are paid, is regarded as a part of the funded debt of the Chicago & Northwestern. In addition to the mileage which it owns, the Chicago & Northwestern operates 104.50 miles, the entire operated mileage being distributed as follows:

TABLE XXIII.—LINES OPERATED BY THE CHICAGO AND NORTHWESTERN.

	Miles.	Per cent. of total.
Owned .....	5,843.43	98.24
Owned by proprietary companies .....	42.46	.72
Leased .....	60.02	1.01
Trackage .....	2.02	.03
Total .....	5,947.93	100.00

The relations of the Chicago & Northwestern to the companies owning the 102.48 miles (exclusive of trackage) operated but not owned are as shown below:

TABLE XXIV.—PROPRIETARY AND LEASED LINES OF THE CHICAGO AND NORTHWESTERN.

Name of Directly Controlling Corporation.	How controlled.	If leased.		Length of line, in miles.
		Date on which lease began.	Term of lease, in years.	
Chicago, Iowa and Dakota Railway...	Ownership of all stocks and bonds			26.40
Saint Paul Eastern Grand Trunk Railway	Leased .....	1884, Oct. 30	30% of gross earnings .....	60.02
Princeton and Western Railway	Proprietary .....			16.06
Total .....				102.48

The balance sheet of the Chicago & Northwestern for May 31, 1902, includes bonds, held in trust, of the Fremont, Elkhorn & Missouri Valley, valued at \$13,235,000, stock of the same company valued (cost) at \$1,981,500 and stock of the Chicago, Saint Paul, Minneapolis & Omaha valued at \$10,000,000. The precise number of shares represented by the latter item has not been made public, but the Chicago & Northwestern is known to hold a majority of the \$34,050,126.62 in par value (less \$4,231,261.64 in par value owned by the issuing company) of voting securities of the Chicago, Saint Paul, Minneapolis & Omaha, which are outstanding. The lines operated by the Chicago, Saint Paul, Minneapolis & Omaha are as follows:

TABLE XXV.—LINES OPERATED BY THE CHICAGO, SAINT PAUL, MINNEAPOLIS AND OMAHA.

	Miles.	Per cent. of total.
Owued .....	1,523.89	91.96
Proprietary .....	63.70	3.84
Trackage .....	69.59	4.20
Total .....	1,657.18	100.00

The owned line consists of three divisions with an aggregate main line length of 559.58 miles and having, in all, twenty-four branches with an aggregate length of 964.31 miles. The company controls, through the ownership of their entire capital stock, and operates as a part of its line, the property of the Chippewa Valley & Northwestern and the Eau Claire, Chippewa

Falls & Northeastern Railway Companies, together 63.70 miles in length.

The line formerly operated by the Fremont, Elkhorn & Missouri Valley Railroad Company consists of 592.08 miles of main line with extensions and branches 770.76 miles in length. This line was made up as follows:

TABLE XXVI.—LINES FORMERLY OPERATED BY THE FREMONT, ELKHORN AND MISSOURI VALLEY.

	Miles.	Per cent. of total.
Owned .....	1,300.53	95.43
Leased .....	31.77	2.33
Trackage .....	30.54	2.24
Total .....	1,362.84	100.00

The 31.77 miles of leased line was the property of the Chicago & Northwestern and therefore the lease is no longer effective.

The 20,188.56 miles of railway so far completely accounted for constitutes the whole of what can properly be called the Vanderbilt system. Every mile of this aggregate is controlled by corporations in which the power of the group of financiers who dominate the system is, at present and for all practical purposes, absolute. This is not to say that in a very few of them conflicting interests are not represented by substantial holdings of capital stock or that in any case the control now exercised may not hereafter be divested. Yet whatever may be lacking in these respects, and when all has been said, the sum is not much less than complete and permanent financial unification. These companies to-day constitute a compact and harmoniously conducted system.

The Vanderbilt influence, however, as has several times been intimated in the text and as distinctly shown by facts appearing in Tables IX and XII, extends far beyond the thirteen companies which control the twenty thousand and odd miles of railway that, strictly speaking, make up the system. The following statement shows the mileage of certain companies in which the Vanderbilt influence, active or dormant, is considerable:

TABLE XXVII.—LINES SUBJECT TO VANDERBILT INFLUENCE.

Names of Operating Companies.	Length of lines operated, in miles.			Relations to Vanderbilt System.
	Owned.	Not owned.	Track- age.	
Philadelphia and Reading Railway .....	365.61	637.72	..	1,003.33 Reading Company owns substantially all capital stock, see page 360.
Central Railroad of New Jersey .....	154.27	505.78	16.94	676.99 Reading Company owns 52.91 per cent. of outstanding capital stock, see page 360.
Other companies (15 in num- ber) of the Reading system.	451.61	....	..	451.61 Reading Company controls through stock ownership, see page 360.
Delaware, Lackawanna and Western Railroad .....	193.99	753.82	..	947.81 No corporate connection, investing interests partly common.
Lehigh Valley Railway .....	318.03	1,015.43	49.37	1,382.83 Lake Shore owns 7.91 per cent. of capital stock.
National Docks Railway .....	8.64	....	..	8.64 Lehigh Valley owns entire capital stock.
Hocking Valley Railway .....	321.00	17.50	8.50	347.00 Lake Shore owns minority of capital stock, see page 360.
Chesapeake and Ohio Railway	924.50	520.90	191.20	1,636.60 New York Central owns 8.26 per cent. of outstanding capital stock.
Pittsburgh, Chartiers and Youghiogheny Railway .....	18.32	....	2.27	20.59 Pittsburgh and Lake Erie and Pittsburgh, Cincinnati, Chicago and Saint Louis control jointly.
Peoria and Pekin Union Rail- way .....	18.14	....	..	18.14 Cleveland, Cincinnati, Chicago and Saint Louis owns one-eighth of capital stock; Lake Erie and Western and Chicago and Northwestern also minority owners.
Indianapolis Union Railway .	.93	11.71	..	12.64 Cleveland, Cincinnati, Chicago and Saint Louis owns two-fifths of capital stock; balance owned by corporations of Pennsylvania system.
Terminal Railroad Association of Saint Louis .....	....	52.31	..	52.31 Cleveland, Cincinnati, Chicago and Saint Louis owns majority of capital stock; balance held by other railways.
Total .....	2,775.04	3,515.17	268.28	6,558.49

The relations between the Vanderbilt system and the Reading Company, already explained on page 360, find practical expression in the presence on the board of directors of the latter of Mr. H. McK. Twombly, who is one of the most active members of the Vanderbilt group and a director in nearly all of the corporations which it controls. Mr. J. Pierpont Morgan, who is a member of the New York Central directorate, is one of the voting trustees of the Reading Company and Mr. Charles Steele, a member of the banking firm of J. P. Morgan & Company, is one of its directors. The relations of Messrs. Morgan and Steele to the Reading have not, however, grown out of the interest of the Vanderbilt system in that company. In fact the interest acquired by the Lake Shore was purchased from Mr. Morgan's firm and its business associates. Among the fourteen directors of the Delaware, Lackawanna & Western there are four who are also directors of the New York Central. One New York Central director is a member of the board of the Lehigh Valley and three belong to that of the Chesapeake & Ohio. The Chesapeake & Ohio is completely controlled, at present, by the combined influence of the Pennsylvania and Vanderbilt interests, the Pennsylvania being represented on the Chesapeake & Ohio's board of directors by three of its own vice presidents and directors. Under an arrangement between the controlling companies, immediate control is exercised by the Pennsylvania.

In addition to the companies named in Table XXVII, members of the New York Central's board of directors belong to the boards of the New York, Ontario & Western; the Erie; the New York, New Haven & Hartford; and the Delaware & Hudson Railway Companies. These companies operate, in the aggregate, 5,554.23 miles of line. They are in no sense controlled or subject to the control of the Vanderbilt group of financiers nor are they in any definable degree subject to influence from that source. The fact of common membership in the respective directorates, in connection with their common territorial interests, does, perhaps, tend toward harmonious operations. While members of the directorates of the various Vanderbilt properties take part as directors and otherwise in the management

of several other railway corporations, the writer knows of no other instance in which there is sufficient community of interest (the term is obviously not used in its Wall Street significance) to warrant the belief that this leads to systematic action for common purposes.

The mileage referred to under the different headings may now be recapitulated.

TABLE XXVIII.—RECAPITULATION.

The Vanderbilt system.....	20,188.56 miles
Lines subject to Vanderbilt influence :	
In an important degree.....	6,558.49 miles
In a very slight degree .....	5,554.23 miles
Total.....	32,301.28 miles

To present in detail facts concerning the capitalization, traffic, revenue and expenditures of the Vanderbilt system would quadruple the length of this paper, and in order to attain a satisfactory degree of accuracy access to certain features of corporate accounts not commonly opened to the public would be absolutely necessary. Nevertheless, confining this portion of the presentation to the lines belonging to the Vanderbilt system, proper, some data under these heads may be given. The following table relating to capitalization will be seriously misleading unless those who examine it bear in mind the fact that the railway corporations included are themselves very large holders of the securities represented and that some of the issues shown rest largely upon ownership, in whole or in part, of some of the others in the table, thus occasioning a great deal of duplication in the aggregate. For this reason it would be improper to append totals to the table.

The capitalization actually outstanding, as against the system as a whole, is much less than the aggregate that would result from the addition of the fourth and seventh columns of the foregoing. Thus no less than \$109,914,805, or 56.72 per cent. of the \$193,778,356 of funded debt of the New York Central and amounting to 33.75 per cent. of its entire capitalization, rests directly upon shares of the Lake Shore and Michigan Cen-

TABLE XXIX.—CAPITALIZATION.

Operating Companies.	Of the Companies Named.			Of Subsidiary Companies Controlled by those named.		
	Stocks.	Funded Debt.	Total.	Stocks.	Funded Debt.	Total.
New York Central .....	\$131,912,900	\$193,778,356	\$325,691,256	\$94,713,448	\$114,681,319	\$209,394,767
Lake Shore .....	50,000,000	51,255,000	101,255,000	11,474,791	7,885,000	19,359,791
Michigan Central .....	18,738,000	21,101,000	39,839,000	7,192,326	4,797,635	11,989,961
C., C., C. & St. Louis .....	38,418,307	58,183,730	96,602,037	14,521,300	18,860,100	33,381,400
Lake Erie and Western .....	23,680,000	10,875,000	34,555,000	4,230,000	2,500,000	6,730,000
N. Y. C. & St. Louis .....	30,000,000	20,418,100	50,418,100	1,500,000	.....	1,500,000
Ind., Ill. & Iowa .....	5,000,000	4,850,000	9,850,000	.....	.....	.....
Pittsburgh & Lake Erie .....	4,000,000	4,000,000	8,000,000	4,259,650	3,900,000	8,159,650
Tor., Ham. & Buffalo .....	2,500,000	3,280,000	5,780,000	.....	.....	.....
Det., Tol. & Mil. ....	1,500,000	.....	1,500,000	.....	.....	.....
L. E., A. & Wheeling .....	2,000,000	1,799,000	3,799,000	.....	.....	.....
Chicago & Northwestern .....	63,857,321	154,585,500	218,442,821	38,471,500	9,109,000	47,580,500
C., St. P., M. & O. ....	34,050,127	27,255,800	61,305,927	.....	.....	.....



tral Railway Companies; and the shares so pledged are clearly a part of the property represented by the bonds and shares of the pledgor. It is obvious that although these bonds are outstanding as against the system whose ownership and control is centralized in the New York Central corporation, they do not rest upon the railway line which is actually owned by the latter or even upon the properties which it operates as lessee and agent added to those which it controls as owner of the fee. The real security is the property and earning power of that portion of the Lake Shore and Michigan Central properties which is represented by the shares of their capital stock that are pledged to the owners of these bonds, and these shares should be deducted in order to determine the real capitalization of the Vanderbilt system. Similar deductions ought to be made on account of all of the securities of other companies belonging to the system which are held by any of the corporations named. Unfortunately complete data on this point are not available. The par value of the securities owned by the New York Central (see Table IX) is \$114,791,963, and deducting therefrom \$8,831,500 representing issues of companies not belonging to the Vanderbilt system, it appears that at least \$105,960,463 should be subtracted from the apparent capitalization of the system on account of securities held by this company alone. The par values of the shareholdings of the Lake Shore are not made public, but the aggregate carried upon the books of the company on account of this item is \$32,769,592, and of this amount all but \$1,920,000, or \$30,849,592 should be deducted, if it may be assumed that ledger values and par values can be used interchangeably. As the Chicago & Northwestern owns a majority of the stock of the Chicago, Saint Paul, Minneapolis & Omaha, it is clear that at least \$17,000,000 ought to be deducted on that account. The items cited far from exhaust the list, but it is worth observing that they show that the real capitalization of the system is less by a sum of at least \$153,810,055, or about 12 per cent., than would appear from a superficial examination of Table XXIX. Probably the actual outstanding capitalization is somewhere in

the neighborhood of one billion dollars. This is about one-ninth of the aggregate capitalization of the railways of the country.

The traffic movement via the operating railways of the Vanderbilt system is shown in the following table:

TABLE XXX.—TRAFFIC MOVEMENT.

	Passengers.		Freight, tons.	
	Number.	Carried one mile.	Number.	Carried one mile.
New York Central .....	43,108,829	1,366,804,608	35,855,268	6,418,768,962
Lake Shore .....	5,553,930	312,342,607	24,059,475	4,053,501,252
Michigan Central .....	3,741,312	225,702,912	11,646,111	1,965,107,850
C., C., C. & St. Louis ...	6,719,438	326,892,462	14,768,553	2,304,053,319
Lake Erie & Western....	2,082,251	64,578,755	3,418,106	456,713,963
N. Y., C. & St. Louis....	620,767	73,310,390	4,512,120	1,219,576,176
Ind., Ill. & Iowa .....	218,248	6,989,918	2,143,861	255,061,039
Pitta. & Lake Erie.....	2,235,701	49,622,256	21,131,703	1,386,390,662
Tor., Ham. & Buffalo <sup>1</sup> ...	281,474	no data	653,402	no data
Det., Tol. & Mil.....	no data	no data	no data	no data
L. E., A. & Wheeling ...	32,833	624,198	257,160	5,273,714
Chicago & Northwestern.	18,648,845	541,676,123	29,321,538	4,122,440,480
C., St. P., M. & O.....	2,578,712	136,076,411	5,359,509	849,645,417
Total.....	85,822,340	3,104,620,730	153,126,806	23,036,532,834
Percentage of total for United States .....	13.21	15.77	12.76	14.65

<sup>1</sup> Located in Canada.

As indicated by the foregoing, the distances traversed by the average passenger and the average ton of freight carried by the railways of this system exceed the averages for the country as an whole. Thus the average distance travelled (on a single operating railway) by each passenger is, for the whole country, 30.30 miles, while for the Vanderbilt system it is 36.17 miles, or 11.94 per cent. more. Similarly the average ton of freight carried by the Vanderbilt railways travels 150.44 miles, or 11.48 per cent. farther than the average for the railways of the country, which is 131.04 miles. Closely allied to the figures showing the amount of work done are those showing the gross receipts for the services performed. Such data appear below.

In compiling Table XXXI the income under each head accruing to companies operated by those named, but whose operating accounts are separately kept, has been added to that

TABLE XXXI.—GROSS RECEIPTS FROM OPERATION.

Operating Companies.	Total gross receipts.	Passenger service.				Freight service.	
		Total, including miscellaneous.	Passengers.	Mail.	Express.	Total, including miscellaneous.	Freight.
New York Central .....	\$70,930,535	\$28,052,625	\$23,432,093	\$2,378,305	\$1,867,235	\$40,659,779	\$40,507,754
Lake Shore .....	30,132,334	9,646,047	7,092,390	1,753,627	675,045	20,121,954	20,084,722
Michigan Central .....	18,763,890	5,792,819	4,827,925	416,816	548,078	12,882,608	12,882,608
C., C., C. & St. Louis .....	22,138,832	7,610,679	6,417,797	734,346	458,536	14,245,919	14,245,919
Lake Erie & Western .....	4,555,170	1,288,161	1,120,193	77,058	67,473	3,173,917	3,173,917
N. Y., C. & St. Louis .....	7,264,866	1,442,049	1,322,231	31,286	77,137	5,811,808	5,811,808
Ind., Ill. & Iowa .....	1,696,265	137,722	115,586	18,651	2,232	1,534,496	1,534,496
Pitts. & Lake Erie .....	8,805,328	1,004,323	897,285	26,564	35,436	7,862,289	7,843,114
Tor., Ham. & Buffalo .....	511,573	no data	149,273	no data	no data	no data	320,099
Det., Tol. & Mil. ....	253,198	69,467	57,320	8,626	3,114	179,046	178,754
L. E., A. & Wheeling .....	111,523	24,586	18,402	4,001	2,183	86,280	86,280
Chicago & Northwestern .....	52,108,467	14,407,869	12,004,957	1,276,013	875,051	37,508,455	37,429,797
C., St. P., M. & O. ....	11,789,105	3,398,404	2,930,243	233,902	169,082	8,245,116	8,243,585
Total .....	\$229,151,086	\$72,874,751	\$60,385,695	\$6,959,195	\$4,780,602	\$152,311,667	\$152,342,853
Percentage of total for United States	13.27	15.31	15.37	17.45	13.96	12.57	12.62

of the operating company. There is no duplication in the aggregate, and it is worthy of note that, while these companies operated 9.97 per cent. of the mileage of the country at the close of the fiscal year 1902, their gross receipts from the business done during that year equalled 13.27 per cent. of the gross operating receipts of all the railways of the country. The relation of their rates to those throughout the country is indicated by the fact that the percentages expressing the ratio of their gross receipts from both passenger and freight traffic to the gross receipts from those sources of the railways of the country are lower than those which express the relation of their passenger movement (passengers carried one mile) and their freight movement (tons of freight carried one mile) to the aggregates for the United States.

The concluding statement deals with the disbursements which are made out of the gross receipts of the system. These include operating expenses, taxes, and interest on funded and floating debt; items which can not be avoided, and dividends which must be paid if capital is to be satisfied and the railway facilities of the country maintained on an adequate scale and in a satisfactory state of efficiency.

TABLE XXXII.—EXPENDITURES.

Operating Companies.	Operating Expenses.	Taxes.	Fixed Charges.	Dividends.
New York Central .....	\$46,839,929	\$3,644,464	\$17,305,448	\$5,961,411
Lake Shore .....	20,586,076	754,645	3,203,311	3,535,505
Michigan Central .....	14,435,897	531,353	2,970,987	749,520
C., C., C. & St. Louis ...	15,786,050	772,237	4,183,125	1,645,247
Lake Erie & Western....	3,130,820	205,276	940,094	473,600
N. Y., C. & St. Louis....	5,537,846	238,830	944,298	580,000
Ind., Ill. & Iowa .....	1,162,824	62,594	207,583	200,000
Pittsburgh & Lake Erie..	6,949,419	85,832	754,015	400,000
Tor., Ham., & Buffalo...	305,269	1,981	131,200	none
Det., Tol. & Mil. ....	251,868	6,585	none	none
L. E., A. & Wheeling ...	90,396	3,823	none	none
Chicago & Northwestern.	32,475,015	1,634,058	13,285,023	4,530,740
C., St. P., M., & O., .....	7,078,999	435,901	1,448,296	2,272,376
Total .....	\$154,630,408	\$8,377,579	\$45,373,380	\$20,348,399
Percentage of total for United States .....	13.85	15.38	13.38	12.94

Comparisons between the percentages shown at the foot of the foregoing table and those representing traffic movement at the foot of Table XXX, show that per unit of service the sums paid to investors are notably less than the average for the country as a whole. How far this difference represents ability to secure capital at lower rates of interest and how far such ability, if it exists, is attributable to the geographical location of the system, and how far to the increased credit that is the result of long continued efficiency in management and harmonious relations among the various corporate units composing the system, are questions worthy of careful inquiry.

H. T. NEWCOMB.

Washington, D. C.

## CITY-MADE CHARTERS

### A STUDY IN MUNICIPAL HOME RULE.<sup>1</sup>

THE position of the city in American jurisprudence is theoretically one of complete dependence upon the will of the State legislature, except so far as municipal rights may be guaranteed either by the constitution of the State or of the United States. Barring express prohibition in one of these instruments, the legislature may extend or contract the boundaries of a city at will, may slightly modify or completely revolutionize its government, may restrict or expand its functions, may create or annihilate, and no one may say it nay.<sup>2</sup>

This power of the legislature has been exercised so freely that it has escaped all bounds. There is scarcely a single item in municipal administration, from the construction of a \$20,000,000 city hall to the increase in the salary of a bridge-tender from \$600 to \$720, which has not at some time and in some State been the basis of action by the legislature. Officers appointed by State departments have ruthlessly been substituted for officers elected locally by the people. The construction of public works has been ordered and forced through, even though the locality opposed it and though there was no need for it; and in the same breath an urgent appeal for authority to perform some pressing duty has been overwhelmingly denied. Municipal revenues have been diverted into the State treasury, and cities

<sup>1</sup> The writer wishes to acknowledge his great indebtedness to the scores of persons he has seen and communicated with upon this subject. If it were possible to mention them all by name, he would be glad to do so. His appreciation of their helpfulness is none the less, however.

<sup>2</sup> The courts of Michigan have attempted to establish in the law of that State the theory that back of the State constitution there are certain fundamental principles, which the constitution presupposes and which, although not expressly stated therein, are as binding upon the power of the legislature as the limitations in the constitution itself. In other words, the Michigan courts have held that certain restrictions are implied, and the courts of all other States have refused to recognize any limitations upon the power of the legislature unless expressly stated in the constitution. Even the later decisions in Michigan show a tendency to modify the rule laid down by Judge Cooley and others.

have been made to contribute in various ways a larger and larger proportion of the cost of public works in far distant rural districts. The minor matters of city government also come in for their share of attention. A policeman has been discharged for misconduct; the legislature orders his reinstatement. An easy berth for a political heeler is wanted; the legislature obliges the district leader at an expense of \$1,250 per year, regardless of the city's wishes. A claim against the city has been thrown out by the courts; the legislature directs the payment of the claim. A corporation wants an alley for a switch yard or a franchise in the principal city street and cannot get it from the city authorities without paying a small sum; the legislature, solicitous of the development of the city, grants the request and imposes no obligation whatever in return.

If these were widely scattered instances, they would not deserve notice here, however exasperating they may be to the locality in question. But they are so common and of such long standing that they do not attract attention ordinarily. Legislative interference antedates by far the present generation, dating back to 1850 and beyond. The members of constitutional conventions for several decades have found it a nightmare, and following the line of least resistance, have inserted provisions in many constitutions prohibiting the enactment of laws interfering with municipal affairs. This is not the place to point out how and why this plan has failed; suffice to say that it has failed and that its failure is now generally recognized. A few far-seeing students perceived the inadequacy of this remedy a generation ago and adopted another method of procedure. It is this plan for securing home rule through constitutional provisions empowering a city to frame its own charter that is the subject of this paper.

#### ORIGIN OF SCHEME IN MISSOURI.

A constitutional convention for Missouri met in 1875. Legislative interference in municipal matters had characterized its history as it had the history of other States. The government of St. Louis, the principal city, had been notoriously bad. The demand for radical treatment was general, and the St. Louis

delegates came to the convention determined to compel the country members to give them some relief. One of their number promptly introduced a resolution that cities of 100,000 population and over (St. Louis was the only city to which this could apply at that moment) should have "a fundamental constitutional charter" which should not be altered by the legislature unless such amendment should be proposed by the concurrent vote of two-thirds of the members of the city council and the mayor, and be endorsed by a two-thirds vote of the people at a special election.<sup>1</sup> Such a scheme undoubtedly would have put an end to legislative tinkering. St. Louis also wished to be separated from the county of which it was a part and which had taxed it so constantly for improvements beyond the city limits. This proposition was also opposed by the country members who wanted to curtail the power and influence of the cities. A compromise measure was the natural outcome, finally adopted by fifty-three ayes to four noes.<sup>2</sup>

The constitution adopted by the convention was ratified by the people in the fall of 1875. Immediately thereafter a "separation scheme" and charter were drafted by a board of freeholders, submitted to the people on August 22, 1876, and adopted.<sup>3</sup>

<sup>1</sup> Oberholtzer, *Home Rule for our American Cities* in the *Annals of American Academy*, vol. 3, p. 748-9.

<sup>2</sup> Section 16 of Article IX of the new constitution provided that "any city having a population of more than 100,000 inhabitants may frame a charter for its own government, consistent with and subject to the Constitution and laws of this State" by electing thirteen freeholders to act as a charter convention. The proposed draft was to be prepared and deposited with the chief city magistrate within ninety days after their election. If four-sevenths of the voters ratified it at an election held within thirty days thereafter, it was to become the charter of the city and to supersede the existing charter and all amendments. The same section also provided that such charter could be amended by the law-making authorities of the city, provided three-fifths of the voters approved the proposals at a general or special election. St. Louis was specifically provided for in other sections (20 to 25 inclusive of Article IX) which, in the main, were like section 16, just summarized.

<sup>3</sup> The vote, as announced, was against the "separation scheme" by some 2,400 majority, and in favor of the charter by a narrow margin of 558. Charges of fraud were made against a political clique, which was reluctant to surrender its grasp upon the city and give way to good government, and the case was taken to the courts. In the case of *State ex rel. vs. Sutton*, 3 Mo. App. 388, a decision was handed down declaring the separation scheme adopted by some 1,200 majority and the charter by over 3,000.



## SATISFACTORY RESULTS LEAD TO ADOPTION IN CALIFORNIA.

The charter thus adopted is generally recognized to have been far in advance of the old charter and represented in the main the most advanced thought of that day. It is now somewhat antiquated, but the working of the system under which it was adopted was immediately so satisfactory and the plan met with such widespread approval that when the California Constitutional Convention met in 1878, a proposition was immediately introduced to adopt the same plan that Missouri had tried so successfully. Conditions were very similar in the two States. San Francisco was the one large city in California (population 233,959 in 1880); the other cities were below 35,000. Special legislation had run riot. The charter, originally only thirty-one pages in length, had grown in a short time to three hundred and nineteen pages of fine print, and no one was able to tell what the law actually was upon a given point.<sup>1</sup> The State legislature had almost become the city council of San Francisco, but without any responsibility for its government and beyond the reach of local influence. The delegates to the convention from that city were insistent that some relief should be given, and as the Missouri plan was the only one which bore definite promise, based on experience, that relief would be forthcoming, they demanded its adoption.

The debate upon the proposition, which was taken verbatim from the Missouri Constitution, was very vigorous. The country members strongly opposed it; the delegates from San Francisco as strenuously urged its adoption. Members said: "This is the boldest kind of an attempt at Secession." "I am not in favor of allowing any part of this State to set up an independent empire." "Why, sir, pass that section, and the City of San Francisco . . . will occupy the same position towards the State government that the State does toward the federal government."<sup>2</sup> One member offered an amendment that ". . . such city shall thereafter be entitled . . . to receive from this State all the privileges and consideration

<sup>1</sup> *Debates and Proceedings of Constitutional Convention*, p. 1060.

<sup>2</sup> *Ibid.*, p. 1061-2.

accorded to the most favored nations, and the legislature of this State shall provide a duly accredited minister, as a representative of the State, to said city."<sup>1</sup>

Those who supported the plan pointed out the evils of the present system, the beneficial results in Missouri, and the groundlessness of the fear that the city would rule the State. Reference was made to the custom which had previously been general of permitting a city to call a charter convention, to draft its own charter, and to submit it to the people for their approval, and of subsequent enactment by the legislature. It was pointed out that the Missouri plan simply legalized this custom and gave the cities a constitutional right to do what had previously been found satisfactory in their own practice. Attention was also called to the fact that no charter could set aside general laws or deal with matters of other than local interest, that one of the principal objects of the call for a constitutional convention was to curtail special legislation, and that, in the language of one delegate, "if we cannot trust the people in this matter, whom can we trust?"<sup>2</sup>

The opposition was so strong, however, that an amendment was incorporated requiring the cities to submit their proposed charters to the legislature, which was empowered to approve or disapprove, but not to amend. Until approved by the legislature, the draft was to be without effect.

A question also arose as to whether the privilege of drafting its charter should be accorded to every city or only to cities of over 100,000 population. The latter was finally adopted. It was then argued that as the plan applied only to San Francisco and as San Francisco wanted the provision, others not directly concerned should withdraw their opposition. The smaller cities at first were anxious to have the same privileges as San Francisco, but when the provision was inserted giving the legislature a veto, they lost interest in the plan.<sup>3</sup>

The constitution was finally completed, submitted to the people,

<sup>1</sup> *Ibid.*, p. 1064.

<sup>2</sup> *Ibid.*, p. 1061-3.

<sup>3</sup> *Ibid.*, p. 1408, 1484. The vote was eighty-nine to twenty-eight in favor of adoption.

ratified in May, 1879, and went into effect so far as the drafting of home rule charters was concerned upon January 1, 1880.

#### OTHER STATES FOLLOW.

From California the idea spread to Washington, owing largely to the fact that a considerable proportion of the residents of that State had migrated from California. But in the nine years which had intervened between the adoption of the plan in California and in Washington (1889), it had been shown that the submission of charters to the legislature was largely a matter of form and an unnecessary procedure. No charter up to that time had been, or indeed has since been, disapproved. Hence, Washington followed the Missouri constitution upon this point.<sup>1</sup>

Minnesota followed with a similar constitutional provision, ratified by a vote of 107,086 to 58,312 in 1896.<sup>2</sup> Colorado still more recently (in 1902) adopted the plan. The legislature of Oregon, in two successive sessions (1901 and 1903), passed a resolution to incorporate the Missouri plan in the constitution of that State, but owing to irregularities in this procedure, it was not submitted to the people for ratification and has not legally been adopted.<sup>3</sup>

#### INITIATION OF CHARTER SCHEMES.

Although the plans of these States are the same in purpose and fundamental principles, there is considerable difference in certain details, and to understand how they work, what are the weaknesses and defects as well as their strong points, it is necessary to examine them more closely.<sup>4</sup> First as to the initiation of charter-making.

The original provision in the constitution of Missouri relating

<sup>1</sup> The vote was thirty-eight to twenty-four on the proposition in the convention. Oberholtzer, *Annals*, p. 760.

<sup>2</sup> Oberholtzer, *The Referendum in America*, p. 358.

<sup>3</sup> Letter of Hon. F. I. Dunbar, Secretary of State. Louisiana, in 1896, provided, by statute, act 135, for a similar system of charter-making by cities.

<sup>4</sup> See Constitution of Missouri, Art. IX, Sec. 16-23; of California, Art. XI, Sec. 8 and 8½; of Washington, Art. XI, Sec. 10; of Minnesota, Art. IV, Sec. 36; of Colorado, Art. 20, Sec. 4-6; also ch. 238, Laws of Minnesota, 1903; Oregon Senate Joint Resolution No. 9, Twenty-first Session.

to St. Louis placed the power and responsibility upon the mayor, but the amendment adopted in 1902 transferred it to the "law-making authorities," which, according to the present charter, are composed of a council and the mayor, who has the usual veto power. In the other cities of Missouri and in California and Washington, it is now and always has been the authority which has the power to call an election for a board of freeholders, ordinarily the legislative authority—council and mayor.

The Constitution of Colorado is quite similar. In the case of Denver it ordered the election of a board to draft a new charter, and repeated elections, until one is prepared that meets the approval of a majority of the voters, if the first ones fail. But in the other cities and thereafter in Denver, it is apparently the intention of the constitution to confer the power upon the council, but the language is vague. There is one provision which is found in no other constitution, viz.; that on petition of not less than 5 per cent. of the qualified voters, the council shall submit the question of a charter convention to the people, and if a majority vote in favor, delegates to a convention shall be elected.

Minnesota stands alone in placing the authority in the hands of the judge or judges of the district court of the district in which the city is located. If they consider that a city needs a new charter, they may appoint a board of freeholders to draft one; but as is apparent, they are not likely to do so unless the city itself wants a new charter. Provision is also made for the presentation of a petition for a new charter, and if 10 per cent. of the legal voters sign it, the judge or judges *must* appoint a board. When once the board is appointed, it may draft a new charter whenever it sees fit.

Thus in all States but Minnesota, the initiative of charter-making lies with the law-making authorities; and in Minnesota and Colorado also with a certain percentage (10 or 5) of the voters. In practice, one may say that the question is everywhere locally determined, even in Minnesota. Back of judges, councils, and mayors, stand the people, and if a considerable number of citizens demand a new charter, the proper authorities will, out of respect for this popular demand, set the legal machinery

in motion. Not infrequently the preliminary work of charter-making has been done by an association of private persons. The San Francisco Merchants Association once called a convention of one hundred representative citizens. This convention drafted a charter and presented it to the board of freeholders duly elected to frame a charter. This draft had no legal status, but it aided and simplified the work of the board very greatly.

The general opinion seems to be that the proper legal authority to decide whether a convention shall be called is the law-making authority. Possibly there should also be provision for popular initiative which would compel submission to the people of the question of electing a convention, upon the petition of a certain percentage of the voters. It is questionable, however, whether it is necessary to place this provision in the constitution as long as popular bodies are so responsive to public demands as at present. So far as I can learn, there has been little difficulty in getting a convention called when there was any considerable demand for it.

#### SELECTION OF CHARTER BOARD.

The next step is the election by the people (in all States but Minnesota) of a board of freeholders (thirteen in Missouri, fifteen in California, Minnesota, and Washington, and twenty-one in Colorado), who shall have been qualified voters for at least five years. Two years' *residence* is sufficient in Washington, and in St. Louis there is no such restriction whatever. The object in restricting membership to freeholders was originally to secure men of established interest and ability in municipal matters, and the clause providing such qualification has been copied by State after State without much discussion. It seems to have been of little value, and there is little in theory or practice to justify its adoption by other States. The restriction as to residence or voting qualification is upon a sounder basis, but it is quite evident that these restrictions might more frequently disqualify a person otherwise well qualified than one otherwise unfit.

The Minnesota plan—appointment of the board by the district judges—does not seem to have worked as well as election by

the people, and more fault has been found with the quality of the men selected in that State than elsewhere. This agrees with experience generally, for the plan of selecting administrative or legislative officials through the judiciary has not been productive of beneficial results either as regards the judges or the men selected. In the case of charter conventions, the character of the men elected has almost uniformly been high, and there is consequently no excuse for placing a non-judicial duty upon a judicial body. Further, the fact that they are not selected by the locality tends to create distrust and arouse hostility. It is foreign to the theory of home rule.

The Minnesota plan is unlike all others also in that it makes the board permanent when once it is created. Its members were originally to be appointed for life, but in 1898, the constitution was amended, and now the term may not exceed six years. Elsewhere, the board has exhausted its powers when it has reported a charter, and if the charter is rejected by the people, it may not prepare a new draft. No compensation is fixed by any constitution and members serve generally without pay. In three States, a time limit is set within which a charter must be reported, ninety days in Missouri and California and six months in Minnesota. No limit is set in Colorado or Washington or St. Louis. ❧

#### REFERENDUM UPON CHARTER.

Following the completion of the charter and its authentication to the proper authorities, it is duly published in the press and submitted to popular vote, sometimes at a general and sometimes at a special election. The number of votes necessary for ratification varies from a majority of those voting *thereon* (in California, Washington, and Colorado) to four-sevenths of all votes cast at the election (in Minnesota and Missouri — St. Louis excepted). Between these two extremes stands St. Louis, where a majority of all votes cast will ratify.

The exact wording of these provisions is important, for there may be a great difference between a majority voting *thereon* and voting *thereat*. The former is generally construed to include

only the votes cast upon the charter alone, regardless of the total number cast at the election; the latter, to include all the votes cast, not only upon the charter, but for every office that may be voted for at the election.<sup>1</sup> Now, as the number cast for and against a charter at a *general* election is very much smaller, not infrequently only one-third of the total vote, the difference between *thereon* and *thereat* is often very large and has in several cases amounted to the difference between adoption or rejection, for a majority or four-sevenths of the vote upon the charter may fall far short of the required number when all the votes are counted.<sup>2</sup> At a *special* election called to vote on the charter alone, there would be no such difference, and a special election is, therefore, much more favorable to the ratification of a charter than a general election.

At a special election, further, there being no other issue to absorb the voters' attention, the question of adoption or rejection of a charter is much more likely to be considered upon its merits. At a general election, only those vote upon the question, in the main, who have some special reason therefor—who find some special provision which arouses their opposition or commands their approval. Thus a small faction moved by selfish motives may cause the rejection of a charter which would be approved, if only the people were to consider it carefully. However, a special election is expensive.

#### LEGISLATIVE VETO IN CALIFORNIA.

At the expiration of a specified time after ratification (e. g. thirty days in Missouri and Minnesota), the measure becomes the charter of the city without further action, except the usual

<sup>1</sup> *State vs. Mayor of St. Louis*, 73 Mo. 435; *Santa Rosa vs. Bower*, 142 Cal. 299; *People vs. Town of Berkeley*, 102 Cal. 298.

<sup>2</sup> This was the case in Minneapolis upon last November 8th. The vote upon the new freeholders charter stood two to one in favor of adoption, but as only a few more than one-half of the entire number who went to the polls voted on the charter, it did not get the required four-sevenths of the whole vote. The presidential contest overshadowed it.

procedure to complete the official record. This is true in all States except California, where, as noted before, the proposed draft must be submitted to the legislature for its approval or rejection as a whole, without the power of alteration or amendment. When approved by a majority vote of all members of each house, it becomes the charter of the city submitting it, without the approval of the governor.<sup>1</sup>

This legislative veto has had little effect, for nearly a score of charters and numerous amendments have been acted upon by the legislature, and in no case (so far as I have been able to learn) has one been rejected or its passage unnecessarily delayed. Further, the possibility of rejection, now reduced to a minimum, has no effect upon the charter makers, and each city drafts such a charter as seems best adapted to its needs. At the same time the veto power does exist and might be exercised if a city undertook to go beyond its sphere. But undoubtedly more dependence is put upon the courts to keep the cities within bounds than upon the legislature. The other States have not felt the need of following the example of California.

#### SCOPE OF CHARTER-MAKING POWER.

This naturally brings us to the question: How far may cities go in drafting their own charters?

In the first place, not every city has this privilege. It must have a population of 100,000 in Missouri, 20,000 in Washington, 3,500 in California, and 2,000 in Colorado. The Minnesota constitution provides that any city, or any village which is to become thereby a city, may frame its own charter, thus throwing down the bars completely. California adopted 100,000 as a minimum in 1879, but the results were so satisfactory that it was reduced to 10,000 in 1887, and then to 3,500 in 1890. The Colorado constitution fixes no precise limit except that cities of the first and second classes only have this power. It does not say what shall constitute a city of the first or second

<sup>1</sup> See *Brooks vs. Fischer*, 79 Cal. 173. No limit is fixed within which the legislature must act, and it would be better if the constitution stated that the charter should take effect unless disapproved within a specified time.



class, but it does say that the number of classes shall not exceed four (Art. XIV, Sect. 13). At present all urban centers having more than 2,000 inhabitants are in these two classes; but there is nothing to prevent the legislature from reclassifying cities at any time so as to extend or restrict the home rule privilege. In every State the power of defining a city rests with the legislature, but there has been no attempt to abuse it. The tendency has been towards an extension of the privilege, rather than towards its restriction, the most recent provisions being the most comprehensive.

The number of cities, according to the census of 1900, which possessed the required population was three in Missouri (St. Louis, Kansas City, and Saint Joseph), three in Washington (Seattle, Spokane, and Tacoma), twenty-eight in California, sixteen in Colorado, and fifty-three in Minnesota.

#### CONSTITUTIONAL RESTRICTIONS.

Every constitution contains further restrictions. The original provision in the Missouri constitution conferred power to "frame a charter for its own government consistent with and subject to the constitution and laws of this state." It also provided that such charter should "supersede any existing charter and amendments thereof." Similar provisions appear in the other four constitutions. These are very general statements and do not carry one far, but it is possible to deduce a few general principles therefrom. As the courts construe very narrowly a grant of power to a municipal corporation, it is clear (1) that a freeholders charter may not deal with other than local matters, (2) that the power to frame a charter is subject to the restrictions found elsewhere in the constitution, and (3) that the laws of the State passed in accordance with the constitution are also paramount. These principles suggest several questions of great practical importance: (1) What are the constitutional restrictions upon the power of the city? (2) In case of conflict between an act of the legislature and a charter, which is supreme? (3) What are municipal affairs?

In the main, the restrictions upon the city's power are the same that obtain generally throughout the United States. They have to do with the rights of the individual, the maximum amount of local indebtedness, the taxing power, the suffrage, the use of public credit and public funds, etc. Three States have gone further and imposed specific restrictions upon the powers of the city. In Missouri, freeholders charters must provide for a mayor, or a chief magistrate, and a bicameral council, at least one house of which must be elected on a general ticket. None of the other States under consideration has adopted this provision except Minnesota, and here the city may have a unicameral council if it chooses. The Colorado constitution goes furthest of all by requiring, among other things, that the departments of fire, police, public utilities, and public works shall be subject to civil service regulations, that no franchise shall be granted except upon vote of the qualified tax-paying electors, and that provision shall be made for popular initiative and referendum upon local measures.

Comparatively speaking, these restrictions are not important, and so far as the constitution goes, the cities are left free to deal with *local affairs* as they see fit. Indeed, in subsequent pages, we shall see how, when the courts have tended narrowly to define "municipal affairs," the people through constitutional amendments have extended local autonomy by grants of power to do specific acts.

#### CITY'S POWER OVER SPECIAL ACTS.

One would infer that as a home rule charter supersedes "any existing charter and amendments thereof," it would annul any special act. The authority to frame its own charter would mean little, if the legislature could regulate municipal matters by local laws. The city could then act only in absence of legislative action, and any semblance of conflict would be decided by the courts against the charter. But the constitutions of two States—California and Washington—have left no doubt about it, and have provided that all special laws are superseded, so far as they conflict and so far as the city in question is concerned,

by freeholders charters. Indirectly the same result is achieved in Minnesota, Missouri, and Colorado by the constitutional prohibitions against special legislation and by the decisions of the courts. Either freeholders charters are, therefore, superior to special acts or the possibility of conflict is removed by a prohibition against special legislation.

#### WHAT ARE SPECIAL LAWS?

This brings us face to face with the question, What are *special* laws? Not a single constitution undertakes to define them directly, but each contains certain provisions which will throw some light. The Missouri constitution, for instance, directs the legislature to provide by general laws for the organization and classification of cities, but limits the number of classes to four and directs that all of the same class shall possess the same powers and be subject to the same restrictions.<sup>1</sup> In interpreting this provision, the courts have held that while these restrictions do not apply to other than municipal affairs, they are to be firmly upheld when such matters are dealt with and that laws which are general in form but not applicable to all cities of one of these four classes are unconstitutional.<sup>2</sup>

The Colorado constitution contains similar provisions,<sup>3</sup> but neither the California nor the Washington constitution limits the number of classes. The California legislature has taken advantage of this to make seven groups, drawing the divid-

<sup>1</sup> Art. IX, Sec. 7. The present classification is as follows: 1st class—100,000 population or more (three by the census of 1900); 2d class—30,000 population or more, and less than 100,000 (none in 1900); 3d class—3,000 population or more, and less than 30,000 (39 in 1900); 4th class—500 population or more, and less than 3,000 (168 in 1900).

<sup>2</sup> See *Murname vs. St. Louis*, 123 Mo. 479, and *Kansas City vs. Scarritt*, 127 Mo. 642. The court was subjected to considerable criticism in the latter case. Upon motion for a new hearing, it pointed out the difference between state and local matters, and added that as park administration—the subject under consideration—was a local function, the court had not reversed itself.

<sup>3</sup> Art. XIV, Sec. 13 and 14. The legislature has made but two classes so far. In the first are all cities of 15,000 population or over; in the second, all below 15,000 and above 2,000. According to the census of 1900 there were three cities entitled to be in the first class and thirteen in the second.

ing lines at 200,000, 100,000, 30,000, 15,000, 10,000 and 3,000.<sup>1</sup> In Washington there are three classes, fixed by the legislature as follows: all above 20,000, all between 20,000 and 10,000, and all between 10,000 and 1,500.<sup>2</sup> The Minnesota constitution resembles those of Missouri and Colorado, limits the number of classes to four, and goes farther than any other in prescribing that the first class shall include all cities of over 50,000 population, the second all having 50,000 or less down to 20,000, the third all between 20,000 and 10,000, and the fourth 10,000 or less.<sup>3</sup>

In each case, either by an express or implied provision, a special act is taken to mean an act which does not apply to all cities of a class. But as has been seen, certain classes contain only a single city. In such instances, it is evident that there is little practical difference between a general act and a special act, the principal one being that a general act must be so drawn that, while it may then apply only to one city, it will apply to any other city or cities should they enter that class by reason of increasing population.

#### GENERAL LAWS SUPREME IN STATE MATTERS.

This brings us to the question: Does a general law—a law applicable to all cities of a class—supersede a freeholders charter? In answering it, we must distinguish between State and local matters. First, as to State matters.

I do not know of any provision in these constitutions or of any decision of the courts which states or intimates that a general law upon matters other than municipal is superseded and annulled by a freeholders charter. There have been instances where, in absence of State laws, the courts have upheld charter provisions relating to matters of general interest, but never in case of direct conflict of jurisdiction. There have been other

<sup>1</sup> In 1900 there was one city in the first class, one in the second or "first and one-half class," one in the third, five in the fourth, two in the fifth, twenty-three in the sixth, and forty-five in the seventh.

<sup>2</sup> The first class contained three cities in 1900, the second one, and the third nineteen.

<sup>3</sup> Art. IV, Sec. 36. In 1900 these classes contained three, none, three, and forty-seven cities respectively.

instances also, in which it would seem that the bench had gone a little too far in upholding charter provisions, but it has always been upon the ground that these provisions dealt with a municipal and not a state function. The California constitution states that a freeholders charter shall supersede "all laws inconsistent therewith," but this has never been interpreted to include general laws relating to State matters.

#### POWERS OF THE LEGISLATURE IN MUNICIPAL AFFAIRS.

In the domain of municipal affairs, the situation is entirely different. The decision in the case of *Kansas City ex rel. vs. Scarritt*, 127 Mo., 642, laid down the rule that the constitutional provision requiring freeholders charters to be consistent with and subject to the laws of the State was not intended to apply to municipal affairs, but to provide that laws for the State at large should not be abrogated by city charters. The case arose over a conflict between an act of the legislature passed in 1893, relating to park administration and a freeholders charter adopted by Kansas City the year previous. Having been reaffirmed, it is now the accepted rule in Missouri.<sup>1</sup>

The California rule was originally different. The constitution as adopted in 1879 stated that a freeholders charter was to supersede all *special* laws inconsistent therewith, and the court construed this to mean that a general law was to be paramount to a freeholders charter.<sup>2</sup> This did not suit the cities and an amendment to the constitution was prepared, passed by the legislature, and endorsed by the people in the fall of 1892, by a vote of 114,617 to 42,076.<sup>3</sup> It struck out the word "special," and thus made a freeholders charter superior to "all laws inconsistent with such charter."

This amendment did not clear the atmosphere as expected, for another section in the constitution (Sec. 6) empowered the

<sup>1</sup> See *Kansas City vs. Lorber*, 64 Mo. Ap. 604; *Kansas City vs. Bacon*, 147 Mo. 259; and *Kansas City vs. Mastin*, 169 Mo. 80.

<sup>2</sup> *Davies vs. Los Angeles*, 86 Cal. 31. See also *Ex Parte Ah You*, 82 Cal. 342; *Kennedy vs. Board of Education*, 82 Cal. 483; and other cases cited in these decisions.

<sup>3</sup> Oberholtzer, *The Referendum in America*, p. 354-5.

legislature to pass general laws for the incorporation and organization of cities and expressly stated that all charters "framed or adopted by authority of this constitution shall be subject to and controlled by general laws." It made no exception of municipal affairs, and it became apparent that the courts might still hold that general laws even in municipal affairs were supreme. Further, if the legislature should adopt an elaborate classification of cities, thereby placing each city in a class by itself as was done in Ohio, the restriction to *general* laws would be useless. In 1896, another amendment was added providing that all charters "framed or adopted by authority of this constitution, *except in municipal affairs*, shall be subject to and controlled by general laws." As a result, there is now no question but that a freeholders charter in California takes precedence over a general law in municipal matters,<sup>1</sup> and has the same effect and force as a legislative statute prior to the adoption of the home rule amendment.<sup>2</sup>

The original California provision was incorporated in the Washington constitution and it has not been amended as in the former State. The questions which arose in California have not yet been adjudicated in Washington, but it seems probable that the rule when fully and finally decreed will be the same as in California formerly, viz., that a city-made charter is subordinate to a general law in case of conflict in municipal matters.<sup>3</sup>

The Minnesota constitution expressly declares that the legislature shall determine under what restrictions the cities shall draft their own charters, and that before any city acts it must fix these limitations. It also empowers the legislature to enact general laws relating to the affairs of cities which shall be paramount to the provisions relating to the same matters in local charters and ordinances.

The apparent effect of these provisions is to place Minnesota in the same class with Washington. In neither State, however,

<sup>1</sup> Court so decided in the case of *Ex Parte Braun*, 141 Cal. 204. See also *Byrne vs. Drain*, 127 Cal. 663; and *Banas vs. Smith*, 21 Cal. Dec. 735.

<sup>2</sup> Cf. *State vs. Zimmerman*, 86 Minn. 353.

<sup>3</sup> See *Tacoma Gas and Electric Light Co. vs. Tacoma*, 14 Wash. 288; and dicta in *Reeves vs. Anderson*, 13 Wash. 17.

has the legislature seriously interfered with local autonomy through its power to pass general laws, and the cases which have reached the higher courts in Minnesota within the eight years just past do not indicate a desire upon the part of the judiciary to restrict the cities, but rather to uphold and extend their powers.<sup>1</sup>

The Colorado scheme is too new (adopted in 1902) for a rule to be fully established. The legislature has the power to pass general laws, but the cities are given "the *exclusive* power" to frame and amend their own charters, which would seem to place Colorado with Missouri and California. Court decisions alone will definitely decide.<sup>2</sup>

As the tendency seems to be to apportion to the State legislative matters of general interest and to the cities matters of local interest, it is important to ascertain if possible just where the line of demarcation is to be drawn. In no State has a principle of general application been established, and the courts have repeatedly said that each case must be decided upon its merits. However, a brief résumé of the decisions in these five States may reveal the general tendency.

#### STATE FUNCTIONS.

In the first place, it is generally admitted that police administration is not a local matter, and although a charter may deal with police matters in absence of State law and when not conflicting therewith, yet in case of conflict the State law always takes precedence and may go so far as to take the administration entirely out of the hands of the city and vest it in a board appointed by and responsible to the governor.<sup>3</sup> This has been the situation in St. Louis for a generation. The local judiciary is in much the same position, and the tendency is to include even the purely local courts, such as police courts and courts

<sup>1</sup> See ch. 238 of the Laws of 1903 and *State vs. Zimmerman*, 86 Minn. 353.

<sup>2</sup> The constitutionality of the amendment has been upheld in *State ex rel. vs. Sours*, 31 Cal. 369.

<sup>3</sup> *Ewing vs. Hoblitzelle*, 85 Mo. 64; *State vs. Police Commissioners*, 71 S. W. Rep. 215; *State vs. Mason*, 153 Mo. 23.

for the trial of petty offences or the enforcement of local ordinances.<sup>1</sup>

Other subjects held *not* to be local matters are the conduct of elections and the registration of voters,<sup>2</sup> the duties, powers, methods of election, etc., of county officers, such as constables, sheriffs, court clerks, etc.,<sup>3</sup> educational administration,<sup>4</sup> the alteration of city boundaries,<sup>5</sup> and the limitation of municipal indebtedness.<sup>6</sup> In all these matters, State laws supersede municipal charters.

#### MUNICIPAL AFFAIRS.

The courts have upheld charter provisions dealing with the following matters: The taxing of lawyers \$25.00 per annum (no specific grant of authority necessary, the court said),<sup>7</sup> park administration,<sup>8</sup> method of presenting and allowing or disallowing claims against a city,<sup>9</sup> manner of assessing damages and benefits in the grading and repaving of streets,<sup>10</sup> salaries of police and firemen,<sup>11</sup> the condemnation of lands for park and boulevard purposes,<sup>12</sup> the licensing of businesses and especially liquor dealers solely for revenue.<sup>13</sup> The decision in this last

<sup>1</sup> See opinions of the courts in *People vs. Toal*, 85 Cal. 333; *Miner vs. Justices Court*, 121 Cal. 264; *Ex Parte Loving*, 178 Mo. 194. A strong dissenting opinion is given in the first case.

<sup>2</sup> *Ewing vs. Hoblitzelle*, 85 Mo. 64; *Fragley vs. Phelan*, 126 Cal. 383.

<sup>3</sup> *State vs. McKee*, 69 Mo. 504; *State vs. Finn*, 8 Mo. App. 341; *Crowley vs. Freud*, 132 Cal. 441.

<sup>4</sup> *Kennedy vs. Miller*, 97 Cal. 430.

<sup>5</sup> *People vs. Coronado*, 100 Cal. 571; *State vs. Warner*, 4 Wash. 773; *People vs. Oakland*, 123 Cal. 604. The Missouri courts do not quite agree, for in the case of *City of Westport vs. Kansas City*, it was decided that when the boundaries of a city are fixed in a home rule charter, a change must be considered as an amendment to the charter. This case is not quite on all fours with the others, and one cannot say that there is a direct conflict. See also *Kansas City vs. Stegmiller*, 52 S. W. Rep. 723.

<sup>6</sup> *Beck vs. St. Paul*, 87 Minn. 381.

<sup>7</sup> *St. Louis vs. Sternberg*, 69 Mo. 289; also *Kansas City vs. Lorber*, 64 Mo. App. 604.

<sup>8</sup> *Kansas City vs. Bacon*, 147 Mo. 259; *Kansas City vs. Scarritt*, 127 Mo. 642.

<sup>9</sup> *State vs. District Court of St. Louis Co.*, 90 Minn. 457.

<sup>10</sup> *State vs. Field*, 99 Mo. 352.

<sup>11</sup> *Popper vs. Broderick*, 123 Cal. 756; *Ex Parte Helm*, 143 Cal. 553.

<sup>12</sup> *Kansas City vs. Marsh Oil Co.*, 140 Mo. 458.

<sup>13</sup> *Ex Parte Brawn*, 141 Cal. 204.



case was directly to the point. The charter of Los Angeles gave to the council the power to regulate, tax, etc., liquor dealers. An ordinance was duly passed, the sole object of which was the raising of revenue; a tax of \$60 per month was levied. The legislature, subsequent to its approval of the Los Angeles charter but prior to the passage of the ordinance, passed an act taking from cities the power to tax except as incidental to regulation. The conflict between charter and general State law was plain, and the court decided that in Los Angeles the State law was without effect, being set aside by the ordinance relating to a municipal function. One judge said: "The people of this State, moved by a temporary impulse (not yet entirely abated) to carry the notion of what is called 'local self-government' to extremes have taken away from the State an important part of that peculiar attribute of sovereignty, the taxing power . . . ." Nevertheless, he did not question the decision, although two other judges dissented.

The principle is well established in these matters and in all others which may be termed municipal, that in case of conflict a freeholders charter supersedes a general law. It is also true that in case a charter is silent, a general act upon the subject will govern as if it were a charter provision.<sup>1</sup> But all a city needs to do to free itself from the general law is to amend its charter by incorporating such provisions as it wishes to enforce.

The attitude of the courts in declaring judicial, educational, police, and electoral matters of State interest and therefore beyond the exclusive jurisdiction of home rule charters did not please the Californians, and in 1896 still another amendment was added to the constitution—Section 8½ of Article XI. This empowers a charter to provide for the constitution, regulation, government, and jurisdiction of police courts, for the method of selecting judges, their terms and salaries, and the compensation of their clerks and attachés; for members of boards of education, of police and of election commissioners and their terms of office; and for the organization, regulation, and compensation of police departments, election bureaus, and county officials where a city and county have been consolidated. No other State

<sup>1</sup> *Fragley vs. Phelan*, 126 Cal. 383.

has gone so far, and consequently the cities of California have practically the highest degree of home rule to be found anywhere in the United States. Theoretically, the legislature may veto any charter which transcends reasonable bounds, and this veto might become a very effective check upon local action, but so far it has not been used or needed. Its existence has to some extent been considered a justification for the granting of such wide powers of home rule.

#### METHOD OF AMENDMENT.

Every constitution specifies the manner in which a city-made charter may be amended. In the States of Missouri, California, and Washington, the law-making authorities of the cities have the power of initiation. In Minnesota, the permanent charter board may originate, and upon petition of 5 per cent. of the legal voters, it *must* submit the amendments petitioned for to popular vote. The constitution of Colorado provides for popular initiative (5 per cent. of the voters) as a method of amending a freeholders charter; the council *must* submit when so petitioned. A Washington statute provides for a referendum upon proposed amendments when 15 per cent. of the voters petition.<sup>1</sup> This seems to be the tendency generally.

In every State, the proposed amendments must be submitted to and accepted by the people before taking effect. A three-fifths vote is necessary in Missouri and Minnesota, but only a majority in California, Colorado, and Washington. The vote may be taken at a general or a special election in Missouri, California, Minnesota, and Washington. If the petition is signed by more than 10 per cent. of the voters in Colorado, a special election may be held, otherwise not. Intervals of not less than two years must elapse between the submission of amendments in California and St. Louis, and in Colorado the same amendment may not be voted upon oftener than once in two years. In other States, no such limitations exist.

The earlier constitutions were silent regarding the calling of a second charter convention when once a freeholders charter had

<sup>1</sup> Chapter 186 of the Laws of 1903.

taken effect. Not until 1900 did the question come before the courts of California for adjudication, when it was decided in the case of *Blanchard vs. Hartwell*, 131 Cal., 263, that the substitution of a new charter for the old was a method of amendment and that the California constitution did not provide for amendment by a convention of freeholders. Apparently there is need for another constitutional amendment. One has already been adopted for St. Louis, and that city may adopt a new charter whenever and as often as a charter board of freeholders is elected. In the case of *Reeves vs. Anderson*, 13 Wash., 17, the Washington courts gave a different answer to the question and declared that the right of a city to draft its own charter is a continuing right and that the power is not exhausted when once exercised.

The Colorado constitution applies the same provisions to a proposal for a charter convention as to an ordinary amendment, and in Minnesota the natural interpretation would be (the question has never been before the courts) that the permanent board of freeholders has power to draft an entirely new charter as well as to amend the one they previously have prepared.

#### CHARTERS ADOPTED AND REJECTED.

The cities of these western States have taken generous advantage of their home rule privileges, as indicated by the following table:

State.	Constitutional provision adopted in	No. of cities eligible.	No. of cities having freeholders charter.	Remarks.
Missouri .....	1875	3	2	St. Joseph has only recently attained sufficient population.
California .....	1879	28	18	Under discussion in five others.
Washington ..	1889	3	3 (?)	
Minnesota ....	1896	53	11	At least.
Colorado .....	1902	16	1	Denver.

These numbers promise to increase yearly, for when a legislative charter is outgrown and a new one needed, a freeholders charter is generally drafted in preference to incorporation under a general law.

Besides the cities enumerated above, others have elected conventions and submitted charters to the people which have been rejected. Indeed rejection is not uncommon, and in a few instances successive drafts have been disapproved. San Francisco did not ratify a freeholders charter until 1898, four drafts previously voted upon having been rejected. Four have failed of adoption in Minneapolis and at least one in a score of other cities.

The reasons assigned are various. Here it is a provision regarding liquor licenses, there too little or too much power given to the mayor. In other instances the fear of an increased tax-rate, opposition to "labor clauses," distrust of radical tendencies, opposition to extreme conservatism, reluctance of the "machine" to part with its control of the city, etc. The most common cause is apathy; a sufficient number do not cast their ballots to secure the required majority. Generally, the vote upon the charter ranges from one-fourth to three-fourths of the entire vote, except possibly where an important matter is at issue. This is sometimes urged as an objection to the plan, and it is declared that acceptance or rejection is not infrequently determined by those who are interested from selfish motives. Doubtless this is sometimes true, but no other plan has yet been devised which is productive of better results upon the whole.

#### GENERAL SATISFACTION WITH HOME RULE PLAN.

This scheme for municipal home rule seems to satisfy fully the cities that are working under it. Objections are raised to this or that detail, and not infrequently some minor change is advocated, but the fundamental principle is generally satisfactory. The vote upon amendments to the constitution has shown considerable opposition, but usually less than one-third of the total vote on the amendments, and I know of no instance where they have been defeated at the polls. Generally, the opposition comes principally from the rural districts which distrust the ability of the cities to govern themselves, are reluctant to surrender their control and are fearful of a campaign of retaliation. When once adopted, however, the number of opponents rapidly

decreases, and in the cities themselves it is very small. In no State is it proposed to repeal the home rule provision and to return to the lees and husks of legislative rule. It is possible that the people are mistaken and that their present condition is worse than their first, but it is undisputed that the cities having freeholders charters are satisfied with the general scheme of home rule.

#### BENEFICIAL RESULTS.

The character of the charters adopted seems to justify this view. The statement is frequently made by persons who have lived in various cities and have had an opportunity to compare freeholders charters with legislative charters that the former are noticeably better, that they more nearly conform to the best principles of political science, have greater unity and consistency, are better adapted to the needs of the locality, respond more quickly to local changes, etc. My own investigation confirms this statement, but there have been exceptions. The champions of home rule do not claim that it has wrought a revolution in city administration or has brought the millennium. Municipal corruption has existed in St. Louis even under its freeholders charter. But political corruption has its source back of charters; they may assist, but they rarely cause it. However, a good charter is an aid to good government, and so far as it is—often immeasurably so—the system of home rule we are discussing has contributed its share.

The long period in which it has been tested and the varying circumstances under which it has been tried seem to indicate that its beneficial results are permanent and not transitory. It is founded on certain fundamental principles which are thoroughly sound. In the first place, the system fixes responsibility. Under legislative charters, the city excuses itself for every misdeed, saying that as it does not make its own laws, it can not be held accountable and that the fault lies with the legislature. The legislature replies that the city is to blame. When a city makes its own charter, such shilly-shallying is impossible. If its government is at fault, it has the exclusive power to remodel it, and it cannot shift the burden to another's shoulders. It makes

its own bed, and it must lie in it—a theorem which conduces to the selection of a better bed.

Responsibility is not only focalized but localized. State administration of municipal matters may centralize and definitely fix responsibility, but the persons in authority are out of reach. They are not elected by the locality and they can neither be punished by it for mal-administration nor rewarded for efficiency—a condition which leads to indifference, to laxity, and often to corruption. Under home rule, the conditions are exactly reversed. The officials are near at hand where they may be watched, every act made known, misdeeds punished, and efficiency rewarded. This applies with great force to charter-making, and the satisfactory character of freeholders charters is largely due to the localization of responsibility.

Home rule has also an educational value. The boy never learns to swim who refuses to enter the water. The city never learns to administer its affairs by being governed from the State capitol. Left to themselves, these western cities have made experiments and acquired valuable experience. They have adopted many ideas which are new to municipal administration; some have failed and some have succeeded; but the lessons have been well learned and the cities are wiser and stronger.

The concentration of power has a stimulating as well as sobering effect. When legislative interference is removed, the city not only says, we are thrown upon our own resources and must take more care, but also, here now is our opportunity to achieve results; the State has expressed belief in our ability to govern ourselves; we will not disappoint it. Having the power to accomplish something and seeing at last the impossibility of having one's efforts set aside by outside interference, men of ability and civic patriotism come to the fore.

This, after all, is the immediate cause of the beneficial results, for if good men are not elected as members of charter conventions, good charters will not be drafted. There have been exceptions, but generally speaking delegates to freeholders conventions have been selected from among the best men of the city. Party lines have been broken down and nominations made independent of party, or the best men of each party placed upon

a union ticket. In elections too, party lines have not been followed. Naturally, the men selected have been of a high type, a higher type than the members of the legislature. They have been chosen for a special purpose and with their special qualifications for this work in mind. The importance of the duty to be performed has made the selection of the best men imperative, and in turn it has attracted them, just as a constitutional convention attracts the ablest men of the State. Further, a charter convention gives its whole attention to one subject and not to a multitude of unrelated topics. Every point is given careful consideration, both within and without the convention.

The States have benefited as well as the cities. By the removal of local matters from the jurisdiction of the legislature, special legislation has greatly been reduced. For several years prior to the adoption of the constitution of 1879, the legislature of California passed from 1,000 to 1,200 acts at each session. In the session of 1903, only 385 were enacted (for many years the number has not risen above 300) and of these only 19 related to city affairs. This decrease is not wholly due to the provisions for city-made charters, but in part to the general prohibition against special legislation of many kinds. But without the scheme authorizing each city to make its own charter, there would have continued to be a large number of local acts in one form or another, if we may judge from the experience of other States where they have adopted the prohibition against special legislation, but have not provided for the formation of charters by the cities themselves.

Primarily the city has benefited by this decrease in legislative interference, but not less than the State. It is now possible for legislators to give their full time and attention to matters of general interest. Heretofore, local matters absorbed most of the session. As each member was continuously busy log-rolling on some local measure, he had little time for bills of broad character and general concern. It is unjust to blame the men themselves too severely, for their constituents and the local politicians besieged them constantly. If they rebelled or were indifferent, they were not re-elected. The locality was not wholly at fault either, for to secure the kind of government

wanted, it was necessary to go to the legislature; there was no power vested in the city. The root of the evil was in the lack of home rule, and when it was granted, the legislature was free to do the work for which it was intended, viz., to enact general laws for the interest of the whole State.

#### THE FUNDAMENTAL PRINCIPLE.

In principle the system in vogue in these western States is not new. In our early history the drafting of charters by the cities themselves through some well recognized local agency, such as the common council or a specially selected charter committee or convention, was the customary plan. Even in New York, where the legislature at such an early date assumed the prerogative of enacting numerous laws relating to purely local affairs, it was a well recognized principle until well into the last century, that a law altering the charter should not be passed when opposed by the city.<sup>1</sup> Even later the principal acts that were passed without first seeking local approval were acts conferring power upon the city rather than restricting its functions. The last charter convention in New York was held in 1846, and the method it suggested for charter amendments—proposals to be approved by a two-thirds vote of the members of each branch of the bicameral council and afterwards ratified by the people—was almost identical with the method provided a generation later in the home rule scheme of Missouri.

In the States which have suffered least from the evils of special legislation, the legislature has confined its activities to the enactment of very brief and general laws specifying in general terms only the principal features of municipal charters, leaving to the cities themselves the privilege of filling in the details and of altering them as local conditions changed. England, which is looked upon as the home of self-government, has pursued a similar course; and in France the cities likewise have been given wide discretionary powers.

The practical difference between the "freeholders charters" provided for in these five western States and this system is

<sup>1</sup> Kent, *Charter and Notes*, p. 235-6.



small. In each, matters of State interest are reserved to the central government. To the cities there is also reserved full power to deal with municipal matters in their own way. The principal difference is that under the English and French systems and the plan of enacting only very general laws, the legislative authority *may* interfere at any time and deprive the cities of all autonomy; while under constitutional home rule a field of municipal activity is set apart into which the State authorities *may not* come. It is merely the crystallization into constitutional law of the best practice in the United States and Europe—a crystallization that has been found to be necessary to protect the rights of cities against the encroachments of the State legislature.<sup>1</sup> In no country is the city made absolutely independent, but where some sort of control is necessary, administrative control has been substituted for legislative interference to the great benefit of all concerned. The recent tendency in the United States is in the same direction.<sup>2</sup>

MILO R. MALTBY.

New York City.

<sup>1</sup> The Supreme Court of Missouri has said (*Kansas City vs. Marsh*, 140 Mo. 458), and the courts of the other States have endorsed it: "Such a right is entirely in accord with the genius of our institutions, bringing the regulation and government of local affairs within the observation of those who are to be affected thereby, and at the same time preventing the officious and selfish intermeddling with the charters of our cities without the knowledge of those whose rights are affected."

<sup>2</sup> Cf. Goodnow, *Municipal Problems*.

## SOME INTERESTING FEATURES OF A RECENT LAW.

A STATUTE usually referred to as the "Municipal Lighting Act," passed by the Massachusetts legislature in 1891, and amended in 1893, authorized any city or town within the State to own and operate gas and electric plants for "furnishing light for municipal use and for the use of such of its inhabitants as may require and pay for the same." The only limitation upon the exercise of this right by any city was a stringent provision regarding the manner in which such a decision must be reached. The statute provided that before any such action on the part of the municipality could become operative, it should first be voted to be *expedient* by a large majority of both branches of the council in each of two consecutive years and then subsequently ratified by a majority of the voters present and voting at an annual municipal election.

Some of the special features of the original Act, approved June 4, 1891,<sup>1</sup> were as follows:

SEC. 12. When any city or town shall decide as hereinbefore provided to establish a plant, and any person, firm or corporation shall at the time of the first vote required for such decision be engaged in the business of making, generating or distributing gas or electricity for sale for lighting purposes in such city or town, such city or town *shall*, if such person, firm or corporation shall elect to sell and shall comply with the provisions of this act, purchase of such person, firm or corporation before establishing a public plant such portion of his, their or its gas or electric plant and property *suitable and used* for such business . . . as lies within the limits of such city or town. If in such city or town a single corporation owns or operates both a gas plant and an electric plant, such purchase shall include both of such plants, but otherwise such city or town shall only be obliged to purchase the existing gas plant or plants if it has voted only to establish a gas plant, and shall only be obliged to purchase the existing electric plant or plants if it has only

<sup>1</sup> Chapter 370. An act to enable cities and towns to manufacture and distribute gas and electricity.

voted to establish an electric plant, . . . the price to be paid therefor *shall be its fair market value for the purposes of its use*,<sup>1</sup> no portion of such plant to be estimated, however, at less than its fair market value for any other purpose, *including as an element of value the earning capacity of such plant based upon the actual earnings being derived from such use at the time of the final vote of such city or town to establish a plant.* . . . Such value shall be estimated without enhancement on account of *future earning capacity, or good will, or of exclusive privileges derived from rights in the public streets.* . . . No city or town shall be obligated by this section to buy any apparatus or appliances covered by letters patent of the United States or embodying a patentable invention unless a complete right to use the same . . . shall be assigned or granted to such city or town at a cost as low as the cost of such right would be to the person, firm or corporation whose plant is purchased.

SEC. 13. Any person, firm or corporation desiring to enforce the obligation of any city or town under Section 12 to purchase any property shall file with the clerk of such city or town within thirty days after the passage of the final vote whereby such city or town shall have decided to establish a plant, a detailed schedule describing such property and stating the terms of sale proposed. If the parties fail to agree as to what shall be sold, or what the terms of sale and delivery . . . shall be, either party may within sixty days after the filing of the schedule apply by petition to the supreme judicial court, . . . setting forth the facts and praying an adjudication, . . . and thereafter such court . . . shall appoint a special commissioner or commissioners, who shall give the parties an opportunity to be heard, and shall thereafter adjudicate what property, real and personal, including rights and easements, shall be sold by the one and purchased by the other, . . . and what the price, time and other conditions of the sale and delivery thereof shall be. Such commissioner or commissioners shall file his or their award in the supreme judicial court for revision or confirmation by said court.

SEC. 14. Any party aggrieved by the award of the commissioner or commissioners may . . . file objections thereto, and apply to the court for a hearing on such award, . . . and thereupon the court shall order a trial to be had before said court. . . . The decree of the court upon such award shall be final and binding. . . .

SEC. 15. Whenever the existing gas plant or electric plant of any person or corporation shall have been acquired by any

<sup>1</sup> The italicizing throughout is by the writer.

city or town . . . the powers and rights of such person or corporation in relation to the manufacture and distribution of gas or electricity within the limits of such city or town shall . . . cease and determine.

SEC. 16. . . . Nothing in this act shall be construed to include damages to any existing gas or electric plant in any city or town by reason of the establishment of a competing line or plant under authority of this act.

The subsequent act, approved June 9, 1893,<sup>1</sup> made certain amendments to the original law strengthening the position of such municipalities at several points. The most important of these were:

(1) The *striking out* of the original provision that the *earning capacity* of such a plant should be included as an element of value.

(2) The addition of a new clause which provided that no city or town shall be obliged to buy any property added to a plant unnecessarily after the first vote in favor of the expediency of such purchase nor any property except such as shall be suitable for the ordinary business of the vendor.

(3) The further addition of a provision that when a city or town shall acquire a plant *theretofore* used for the purpose of distributing *heat or power* it may *continue* to operate the same for such purposes.

(4) The requirement that any parties desiring to retain the right to enforce the obligation of a city to purchase, shall, after the *first* of the two favorable votes of the council on expediency shall have passed (instead of after the final and binding decision by the voters of the municipality), file with the city clerk within thirty days after a written request therefor, a detailed statement of all property which they desire to sell under the provisions of this act, and the terms of sale. Through this desirable change from the original law, the municipality was placed in a position to know somewhat of the valuation claimed by the owners of private plants and just what property was to be included in such a sale before taking the final step from which it could not retreat.

<sup>1</sup> Chapter 454. An act relative to the establishment of municipal gas and electric plants.

Under the authority of these acts, the city of Holyoke voted to establish and operate an electric lighting plant. As the same private corporation then owned both the electric and gas plants operating in Holyoke, that company offered to sell both properties and the city was then compelled by the provision in Section 12, Act of 1891,—if it held to its purpose—to purchase them both.

The litigation leading to the settlement of the controversy extended over a period of nearly five years and involved both sides in heavy expense. There were no less than one hundred and nine hearings before the commissioners appointed by the Supreme Court, prior to the filing of their award on November 15, 1902. At one point in the early stages of the proceedings the city attempted to abandon the proposition altogether, but as the final vote had already been passed in favor of establishing such a plant, it was not allowed to retire from the position it had duly taken. There has been severe criticism of the large amount awarded by the commissioners and there appeared to be good ground for a strong objection to it. However, as the litigation had already involved the city in legal expenses amounting to \$109,000, the authorities finally concluded to give up the fight and to accept the award, upon the supposition that a possible but uncertain reduction in the award upon appeal would probably be more than offset by the certain addition of the heavy expense attending further litigation. In view of the national importance invariably attaching to decisions of the Supreme Court of the State of Massachusetts, it is somewhat regrettable that the case was not appealed to that supreme judicial body.

There would, however, seem to be little or no question concerning the constitutionality of the law. It will be noticed that there is no effort among its provisions to *force* private parties to part with their property against their will.<sup>1</sup>

<sup>1</sup> In connection with the question of the constitutionality of this law it is especially interesting to note the decision rendered in December, 1903, by the Supreme Court of the United States, affirming the constitutionality of the Kansas law restricting the hours of labor upon state, county, or municipal work. The language of the decision is forcibly indicative of the reluctance of that body to assume power over legislation. After dwelling upon the undoubted power of the State over the municipalities created by it, the opinion goes on to say that "No evils arising from such legislation could be more

It is not the purpose of this short paper to analyze, or even especially to consider, the litigation in the Holyoke case or the award of the commissioners, excepting where the same, in a very general way, may throw light upon the manner in which certain special features of the law would probably be construed in future cases, when not complicated with the private ownership of valuable water power. Whether the quantity of such power which the city of Holyoke was obliged, by the award, to purchase, or whether that award<sup>1</sup> was, as some believe, excessive, or whether the city made a sorry bargain, are questions entirely apart from what we wish now to consider. What we do aim to emphasize are certain special features of the law, the construction placed upon them by the commissioners, and the far-reaching possibilities if similarly applied in a general way to these and other public utilities.

Though some of the particular features of the Holyoke case were altogether unusual, nevertheless the principles involved are not in the least altered thereby.

The important points about the law appear to us to be:

(1) That the conservative State of Massachusetts has passed a law whereby any city or town in the commonwealth may, upon a sufficient local vote, operate its own lighting plants, and that the amendatory act, whose provisions were largely for the benefit of the municipalities, was carried in the face of strong corporate opposition.

(2) That any private concern then operating a lighting plant may, at its option within a limited time, compel the city either to purchase the same or to abandon the project; the city, however, having the right to demand the price to be asked for the private plant before the final vote is taken for municipal ownership; such asking price being still subject to reduction through the award of the commissioners.

(3) That the price to be paid for any such plant shall be its fair market value for the purposes of its use; that neither its

far-reaching than those that might come to our system of government if the judiciary, abandoning the sphere assigned to it by the fundamental law, should enter the domain of legislation, and, upon grounds merely of justice, or reason, or wisdom, annul statutes that had received the sanction of the people's representatives."

<sup>1</sup> \$706,543 for both plants.

present nor prospective earning capacity, nor good will, nor exclusive privileges derived from rights in the public streets, shall be considered as elements of value, and that due allowance shall be made for depreciation.

Referring to the first point above outlined, it is only necessary to note the growing inclination towards municipal control over public utilities, for one to become convinced that public sentiment in favor of such action is becoming very real. The rapid strides in that direction in some of our large western cities have been accompanied by a similar but slower movement in several of our more conservative municipalities. It is especially interesting to note the irresistible tendency towards something of this character as it is gradually developing in the city of New York. A leading conservative journal of that city, in referring to the good results of the Reform administration, recently said, among other things, that "In the department of water, gas, and electricity . . . a great stride has been taken toward freeing the city from monopoly extortion, by the commissioners' demand that the city be given the right to supply its own electricity for public lighting. In the field of franchises the city has obtained larger revenues than ever before, and carried forward a far-seeing plan for future city ownership of interborough transportation."<sup>1</sup> It may be incontestably stated that the drift of public opinion is daily becoming stronger in favor of a public ownership of public utilities which promises to secure to society the unearned increment attaching thereto and arising from the growth of population. And sufficient additional instances, similar to the Holyoke case, will eventually so arouse society in its own behalf as to assure whatever legislation may be necessary for the accomplishment of such an end on a basis that will protect the public from imposition.

Concerning the second of the above points, of course the existing company would in any case have the right to continue its business as at present. But if, as is so often the case, it is carrying the load of an interest charge upon all of its antiquated and discarded equipment as well as upon its plant now in actual use; is suffering the wear and tear of a decade and has also been subjected to a treatment of modern capitalism, having, more-

<sup>1</sup> *The Outlook*. Editorial, October 31, 1903.

over, a bonded indebtedness far in excess of the intrinsic value of the total present plant and equipment, together with a heavy issue of stock commanding a stock-market value based on the unclaimed balance of its earning power (present and prospective), with the whole outfit subject to a franchise tax, one would consider such a concern heavily handicapped when in competition with a municipal plant, built with the proceeds of a bond issue bearing, say,  $3\frac{1}{2}$  per cent. interest, equipped with the best of modern machinery, with no "dead wood" to carry and no dividends to pay. In this connection it is a most significant fact that of all the private plants then operating in nine of the cities and towns in Massachusetts which have so far (up to the latest date to which we have information) voted for municipal ownership, not one of such concerns has attempted to retain its plant, but in every case the private interests have elected to sell to the city or town.<sup>1</sup> As in each such offer to sell, the final regulation of the purchase price was left in the hands of supposedly disinterested parties, subject only to a revision by the Supreme Court of the State, with no intimation that the award would exceed the fair intrinsic value of the plant, it is to be presumed that the private companies, in every instance, practically felt themselves compelled to part with their plants at any reasonable figure rather than meet the competition of a perfectly equipped modern plant not burdened with over-capitalization. It would therefore appear reasonably certain that few such public-utility concerns would care to face competition of the character above outlined. And as the option to compel the city to purchase would expire unless exercised within thirty days after the notice of the *first* vote in favor of establishing such a municipal plant, it seems likely that, if confronted with the choice of a destructive competition, or a sale at a fair valuation upon intrinsic worth, it would (as was the case with the Holyoke Water Company and all the private institutions in the other nine instances) promptly choose the latter course. Especially would this be the case with concerns handicapped with over-capitalization.

If, therefore, we conclude (1) that the drift towards municipal ownership of public utilities will become quite general at no distant day, and (2) that (with laws similar to the Massachu-

<sup>1</sup> *Political Science Quarterly*, June, 1902.



setts statute prevailing), the private companies would then generally offer to sell their plants,—it remains for us to consider the last of the three points named, i. e., the question of the *valuation* to be placed upon the private plants to be taken over by the municipalities.

The original Massachusetts law undoubtedly inclined towards the interests of privately owned plants. As we have already seen, however, the amendatory act of 1893 strengthened the position of the public at many points. We may hereafter look for further modifications following along similar lines, which will place such limitations upon valuations as will safeguard the municipalities from unreasonable awards. The findings under the existing law are therefore especially interesting by reason of the light they throw ahead of us upon the way we are swiftly traveling.

Dwelling, at length, upon this question of valuation, the award of the commissioners in the Holyoke case specifically stated that in determining such valuation they found:

(1) *The value* of the real estate for what it was worth in the market for the *purposes of the use* to which it was being put and best adapted; (2) the *reproductive cost* of all buildings and machinery, and then (3) deducted *depreciation* of all kinds *whatsoever* together with all defects therein, and all other causes and factors that lessened the value of the plants, having in this connection taken into account the fitness, suitability, adaptability, ability to supply, faulty arrangement, any excessive cost of operation, and any fault affecting the market value of the plants. The valuation was further *reduced* by reason of the absence of certain modern improvements that would naturally be included in any new plant which would thereby be made more efficient and economical than the one offered, and (4), while they did recognize an added value from the fact that the plants were “going concerns” with established custom, and for that reason allowed an addition of 20 per cent. to their total intrinsic value, and a further addition of 5 per cent. as an allowance for “loss of interest during construction,” they nevertheless excluded the company’s claim for value of franchise and did not, according to their statement, enhance the property on account of its earnings, or earning capacity, past, present, or prospective.

The fact that the original statute allowed the valuation to *include* earning power as an element of value, but that this provision was specifically annulled by the amendatory act, makes it especially emphatic that such earning power must not be included in such valuation. Although the city of Holyoke may have been compelled, on account of the peculiar attending circumstances, to pay more than the sum with which it could otherwise have equipped itself, this does not alter the fact that the electric and gas lighting company was practically *forced* to part with its plants, and at a figure that, after deducting its expenses of litigation (which are understood to have been much greater than the \$109,000 spent by the city) netted it considerably less than half of the amount which it claimed. And the important fact always remains that the law provides, and the commissioners assert, that no compensation whatsoever shall be or was allowed for franchise, earning capacity, or exclusive privileges, and that the plants were charged with wear and tear, depreciation, and for faults of any and every kind. This feature of the law is the more interesting from the universally admitted fact that many of our public utilities are capitalized on the basis of earning power without regard to intrinsic worth, and are frequently recapitalized, through consolidation or otherwise, on an increasing scale to keep pace with the constantly growing value of their franchises from the continual increase in population.

The mere fact that the commissioners in this particular case found a way to award the sum of \$329,870 for an electric plant which according to the previous sworn statement of the company itself was valued at only \$141,197,<sup>1</sup> does not alter the general proposition that the law above outlined strikes at the heart of excessive valuation based on special privileges. What would be the ultimate effect of such laws upon some investments that depend upon the monopoly value of their franchises for a large part of the security for existing bond and stock issues, it is not difficult to imagine. It is said by some that the corporations affected by any such proposed legislation would be able to defeat it. We are not, however, among those who believe that such monopolies can be successfully maintained in opposition to

<sup>1</sup> *Quarterly Journal of Economics*, August, 1903.

adverse public opinion, through the undue influencing of legislators, commissioners, or the Supreme Court. And we are convinced that the security offered by any such travesty of the law, based upon general dishonesty, and grossly insulting to our law makers and judiciary, will hardly find permanent favor as the basis for high class investments.

These predictions concerning New York follow closely upon the enactment of a new law by the State of Illinois, familiarly known as Senate Bill No. 40.<sup>1</sup> This, we believe, to be the first instance where any State in this country has passed a general law providing for the municipal ownership of street railways. The measure provides among other things that: "In the exercise of the powers, or any of them, granted by this act, any such city shall have the power to acquire, take and hold any and all necessary property, real, personal, or mixed for the purposes specified by this act, either by purchase or condemnation in the manner provided by law for the taking and condemning of private property for public use, but in no valuation of street railway property for the purpose of any such acquisition, except of street railways now operated under existing franchises, shall any sum be included as the value of any earning power of such property, or of the unexpired portion of any franchise granted by said city." Although the inference is clear that the earning power of any such railway now operating under franchises already granted, when taken under condemnation proceedings *may* be treated as an element of value, it is equally clear that when any city within the State elects to take over the street railways within its limits, neither franchises thereafter granted nor earning power developed thereunder shall be considered in determining the amount to be paid for any such railways. As pointed out in a recent review of this act, "Its final passage after six years of earnest effort, despite the utmost opposition of public service corporations and their political allies, is one of the most notable triumphs of public opinion within recent years."<sup>2</sup>

Hampton, Va.

ALEXANDER PURVES.

<sup>1</sup> An act to authorize cities to acquire, construct, own, operate, and lease street railways, etc. Approved May 18, 1903.

<sup>2</sup> Edwin Burritt Smith in *Atlantic Monthly* for January, 1904.

## WORKMEN'S INSURANCE IN GERMANY.

### 3. INSURANCE AND POOR RELIEF.

MR. RUBINOW states<sup>1</sup> that "as a matter of fact, while life insurance among the prosperous classes remains a modified form of saving, labor insurance gradually grew out of charity, at first supplementing it, and finally substituted for it as a better means for the same end." This proposition contains the true idea that workmen's insurance, hand in hand with the system of savings, aims at combating pauperism by diminishing the necessity of a constant appeal to public charity, which is thus expected to provide an additional income for certain social classes. But the form of Mr. Rubinow's sentence is misleading, if it implies an organic correlation between workmen's insurance and public charity, and leads to the belief that whatever comes under the influence of the former, eases the burden of the latter. Such an opinion we meet with fairly often,<sup>2</sup> and so long as it is not taken too literally, we can quite agree with it.

It is to be hoped that this aim may be completely attained in some not too distant future; but at present, there is no reason to conclude, from a simple juxtaposition of the budgets of public charity and the expenses of workmen's insurance and from the perception of their common increase, that by the influence of compulsory insurance the workpeople are pampered into an inclination to put ever increasing "demands upon the public purse."<sup>3</sup>

There is as yet no such immediate connection between workmen's insurance and public charity as between two communicating vessels, a fact well known to the *Verein für Armenpflege und*

<sup>1</sup> In his article: "Labor Insurance" in *The Journal of Political Economy*, vol. xii, No. 3, June, 1904, p. 362.

<sup>2</sup> Cf. A. Chaufon, *Les Assurances, leur passé, leur présent, leur avenir*. Paris, 1885-1886 (2 vols.), vol. i, p. 291: "Le domaine de l'aumône perdra tout ce que gagnera le domaine de l'assurance."

<sup>3</sup> Professor Farnam's article, l. c., p. 113.

*Wohltätigkeit*, as well as to the Imperial Statistical Office, when these two were making their *enquêtes* in 1894 and 1894-96. They stated this with the greatest openness and discussed the reasons why a general decrease of the budgets of public charity could not be expected.<sup>1</sup> The statements and figures obtained by these *enquêtes* were not to be used for strict calculations, but together with the addresses made, were meant to give a general picture as to how far workmen's insurance had had a beneficial influence upon charity funds, especially since the Invalidity and Old Age Insurance Law had come into force only a few years before (in January, 1891).

A more immediate relation could hardly be expected, because

(1) The spheres of influence of workmen's insurance and public charity are by no means identical.

Public charity assists not only the victims of circumstances, for whom insurance provides, but it goes far beyond the sphere of insurance. The best illustration of this is given by the statistics of Saxony, which not only complete the figures given by Professor Farnam for 1885, for the whole empire,<sup>2</sup> but also indicate the influence of workmen's insurance upon the individual causes of impoverishment. The table shows the ratio in Saxony per 10,000<sup>3</sup> inhabitants of those relieved personally and together with others (*Selbst & Mitunterstützte*).

This table should be of great interest also in that it shows a large percentile increase of cases of pauperism due to old age. This is accounted for by the circumstance that old age insurance came into force only in 1890, while sick and accident insurance had already made their influence felt upon the above figures.

(2) Public charity in numerous cases supplements insurance.

(3) Extremely important factors influencing the expenses of

<sup>1</sup> Comp. Richard Freund, *Armenpflege und Arbeiterversicherung* [*Schriften des deutschen Vereins f. Armenpf. u. Wohltät.*, Heft 21], Leipzig, 1895, p. 83-102; and *Vierteljahrshefte zur Stat. d. Deutschen Reichs*, 1897, Heft ii, Berlin, 1897, p. 3-11.

<sup>2</sup> *YALE REVIEW*, May, 1904, pp. 101 and 102.

<sup>3</sup> Cf. *Kalender und Statistisches Jahrbuch für d. Kön. Sachsen*, 1894, Dresden, 1893, p. 206. The percentages were calculated by myself to facilitate a comparison between the sundry causes of pauperism.

TABLE XII.—CAUSES OF PAUPERISM IN SAXONY.

Causes.	1880.		1885.		1890.	
	Absol.	In per cent.	Absol.	In per cent.	Absol.	In per cent.
Illness, etc. ....	84.3	26.77	67.9	24.49	54.1	23.46
Lack of work. ....	66.8	21.21	48.2	17.38	36.7	15.92
Large number of children, etc. ....	52.6	16.70	42.9	15.47	39.6	17.17
Old age, etc. ....	39.3	12.48	31.7	11.43	32.3	14.01
Weakness, etc. ....	22.9	7.27	23.2	8.37	20.0	8.67
Death of bread-winner. ....	11.2	3.56	12.3	4.43	10.9	4.73
Accident. ....	8.3	2.64	7.6	2.74	3.9	1.69
Aversion to labor, etc. ....	9.3	2.95	7.9	2.85	5.5	2.38
Drunkenness, etc. ....	9.0	2.86	13.0	4.69	7.8	3.38
Abandonment by bread-winner. ....	3.0	0.95	10.8	3.89	7.9	3.42
Imprisonment of bread-winner. ....	4.7	1.49	5.9	2.12	5.2	2.26
Neglect, etc. ....	3.0	0.95	4.1	1.48	4.4	1.91
Emigration. ....	0.5	0.16	0.1	0.04	0.3	0.13
Suicide, etc. ....	....	....	1.1	0.40	1.3	0.56
Pregnancy. ....	....	....	0.6	0.22	0.7	0.30
Total. ....	314.9	100%	277.3	100%	230.6	100%

public charity organs are the scale of each benefit tendered and the number of persons assisted. These are quantities almost entirely unaffected by workmen's insurance, as their increase was influenced by the following circumstances<sup>1</sup>:

(a) The reform of the settlement law of 1871 by the law of July 11, 1891, has put upon the country unions of parishes (*Landarmenverbände*) new burdens compelling (§ 31) them to house, care for, and feed in proper institutions, pauper lunatics, the weak-minded, epileptics, the deaf, dumb, and blind,—which cost the province of Silesia in 1893-94, 92,664 marks;

(b) The increase of the population in towns especially, through an influx of workmen out of employment;

(c) To a certain degree a voluntary raising of the standard of allowances from general motives (e. g. the wish to improve the existence of the lowest classes), or in special cases. This was done in 1891 to cope with the consequences of a bad conjuncture; a concurrent increase in prices of foodstuffs and lodgings drove up the bill for expenditure on alms and allowances for subsistence in Berlin (1891-92) by 344,730 m., while the subvention to hospitals of the same city rose from 721,137 m. in

<sup>1</sup> According to the official *enquête* published in the *Vierteljahrshefte*, I. c., p. 9.

1884-85, to 1,100,342 m. in 1893-94. The same considerations caused the poor relief office in Elberfeld to raise the subvention standard in 1890, 17 per cent.; similar increases took place in other cities.

Therefore, to understand the results of the above-mentioned *enquêtes*, we should have to introduce all these corrections, provided we knew them all and possessed their full data. This not being the case, we must commend the modest attitude of the official publication, which warns against premature conclusions on the basis of figures furnished only by the *enquêtes*.<sup>1</sup>

As it is, it appears rather surprising that we do find a not inconsiderable number of public charity boards showing a decrease of the ratio of individuals in receipt of poor relief (comp. Table XIII).

In a former article (YALE REVIEW, February, 1904, p. 383) I quoted some figures showing the persistent decrease in the expenditure on the poor in "Berlin," which, as Professor Farnam justly points out (YALE REVIEW, May, 1904, p. 105) are quite at variance with those published by the Imperial Statistical Office. My mistake is the consequence of an oversight by which "Berlin" was written for "Barmen," a *lapsus calami* which I take this opportunity to correct. The data are given by Van der Borgh in his, *Soziale Bedeutung der deutschen Arbeiter-versicherung*, Jena, 1898.

TABLE XIII.—DECREASE OF THE RATIO OF RELIEVED POOR PER 100 OF POPULATION.

Localities.	Average 1884-93.	Average 1893.	Localities.	Aver. 1884-93.	Aver. 1893.	Localities.	Aver. 1884-93.	Aver. 1893.
Schweidnitz.....	2.91	2.78	Barmen .....	1.04	0.94	Wismar .....	4.03	3.83
Waldenburg ....	2.48	2.14	Essen .....	3.31	3.12	Parchim .....	3.90	3.82
Beuthen .....	5.38	5.35	Altendorf .....	1.59	1.51	Wolfenbüttel ...	2.45	2.36
Königshütte .....	2.86	2.47	Ronsdorf .....	1.09	1.02	Köthen .....	3.26	3.14
Oppeln .....	3.07	2.54	Wermelskirchen	1.97	1.94	Detmold .....	1.64	1.47
Ratibor.....	11.00	10.97	Kalk .....	2.49	2.39	Lübeck .....	3.53	3.23
Tarnowitz .....	4.24	3.81	Sachsen .....	8.41	7.99	Strassburg .....	5.87	5.63
Hildesheim .....	2.52	2.41	Dresden .....	4.74	4.64	Colmar .....	6.22	5.31
Goslar .....	1.67	1.31	Reichenbach ..	2.44	2.10	Hagenau .....	7.91	6.58
Leer .....	4.61	4.15	Krimmitschau ..	1.96	1.90	Saargemünd ....	1.03	0.99
Kreuznach.....	1.71	1.62	Rostock .....	3.33	3.08			

<sup>1</sup> Comp. *Vierteljahrsh.*, l. c., p. 4: "Zur Beantwortung der Frage aber in wie weit die Versicherungs-Gesetzgebung auf die Armenpflege eingewirkt hat, ist hieraus nur ein geringer Anhalt zu entnehmen."

There are also not a few localities in which the percentile amount of charity expenses per 100 of the population was in 1893 smaller than the average for 1884-93.

TABLE XIV.—DECREASE OF THE RATIO OF CHARITY EXPENSES PER 100 OF POPULATION (IN MARKS).

Localities.	Average 1884-93	Average 1893	Average 1900	Localities.	Average 1884-93	Average 1893	Average 1900	Localities.	Average 1884-93	Average 1893	Average 1900
Schweidnitz ...	158.02	157.98	194.0	Altendorf l. V. ...	319.12	255.72	....	Pforstheim .....	244.44	222.02	269.1
Oppeln .....	160.67	158.04	209.0	Kleve .....	447.19	439.26	....	Konstanz .....	231.23	197.89	....
Tarnowitz .....	68.21	64.20	....	Radevormwald ..	262.31	259.19	....	Rastatt .....	53.19	42.12	....
Kiel .....	289.17	281.48	399.9	Wermelskirchen ..	193.79	190.98	....	Rostock .....	365.16	329.49	....
Hildesheim .....	287.60	274.29	395.2	Köln .....	474.86	424.08	....	Wismar .....	378.33	358.80	....
Goslar .....	165.72	125.60	....	Mülheim a. Rh. ...	265.46	259.00	....	Wolfenbüttel ..	186.47	183.84	....
Leer .....	178.94	159.64	....	Kalk .....	250.06	214.74	....	Coburg .....	191.50	189.48	....
Kreuznach .....	295.10	241.36	....	Oschatz .....	171.85	161.44	....	Köthen .....	184.16	169.12	....
Barmen .....	352.74	336.92	291.3	Reichenbach .....	185.77	167.81	....	Gera .....	171.56	156.75	244.6
Essen .....	387.69	361.79	401.0	Krimmitschau .....	127.16	114.92	....	Detmold .....	129.78	129.09	....
Drüsbürg .....	271.22	265.31	266.2	Zittau .....	277.86	242.59	....	Strassburg .....	312.92	297.14	....
München .....	397.92	379.68	430.9	Karlsruhe .....	218.65	217.51	304.6	Hagenau .....	475.34	400.29	....
Gladbach .....	397.92	379.68	430.9	Mannheim .....	337.20	284.38	249.6	Saargemünd .....	94.26	55.76	....

<sup>1</sup> The data for 1900 are given here only to facilitate an orientation in the present state of things; they cannot be compared with those for 1893 or 1884-93, published in *Vierteljahrsh.*, l. c., because the methods of collecting them are more exact than 10 years ago. These figures are taken from H. Silbergleit's *Finanzstatistik der Armenverwaltungen von 108 deutschen Städten*. [*Schriften d. Vereins f. Arm- u. Wohl.*, Heft 61.] Leipzig, 1902, p. 48-51.

The data of Table XIV, selected from Table III of the Imperial Statistical Office, concerning ninety-two parishes, with a population of over 10,000,<sup>1</sup> and therefore subject to compulsory insurance, are a proof that here and there the easing of the general burden by insurance did find direct numerical expression. But all attempts at exact calculations of the number of cases and the degree of aid are entirely misleading, for reasons already indicated.

Therefore we cannot concede much evidential force to the clever calculations of Prof. Farnam, who, in the quoted article, compared the number of positive answers with their general number (276) as he found them published in the official account of the *enquêtes* of the Imperial Statistical Office.

There is no conceivable reason for considering all these answers absolutely equivalent; the only thing to do, in order to be able to use them in any mathematical operations, would

<sup>1</sup> H. Silbergleit, l. c., treats only of the statistics of parishes with a population of over 25,000; these towns are in his report 108 in number.



be, therefore, to provide them with factors expressing their respective weights, an undertaking obviously impossible.

If, therefore, neither a comparison of sums expended upon workmen's insurance with the expenses of public charity organs, nor a calculation<sup>1</sup> in per cent. of answers given at the *enquêtes*, can prove that workmen are more and more used to increasing demands upon the public purse; what other proof can we adduce for this hypothesis? The complaints of this or that charity board of increased demands and of the wish among the lower classes to live at the expense of other people, are rather too subjective. We can neutralize each of them by others not less convincing and supporting equally warmly the opposite opinion.

Thus we hear from Wiesbaden that "an increasing sense of duty towards the indigent classes which has led to the introduction of sociopolitical laws is making itself indubitably felt among some of the bearers (Träger) of charity work here and finds its expression in the fact that some of the allowances are meted out in sufficiency."<sup>2</sup> Which means, that what appeared as unconscionable greed to some, to others was merely an expression of reasonable demands of the destitute, whose general level of wants had considerably risen owing to the social legislation. This impression of an increased greediness prevailing among the poorer classes may, after all, prove to be "such stuff as dreams are made of."

The Bavarian statistics, the only ones that deal with a longer lapse of time and a larger territorial surface,<sup>3</sup> show the following outlays of communal allowances per pauper in the years 1871-1900 (cf. Table XV).<sup>4</sup>

The only conclusion that can be drawn from these data is: that the considerable rise in the standard of living hand in hand

<sup>1</sup> According to Professor Farnam, "only 44 per cent. give a simple affirmative, while 19 per cent. more give a more or less qualified affirmative answer," (p. 103).

<sup>2</sup> Comp. R. Freund, l. c., p. 101.

<sup>3</sup> Both *enquêtes* and other statistics give only data for separate parishes or poor-relief unions.

<sup>4</sup> Compiled from the *Statistisches Jahrbuch für das Königreich Bayern*, Munich, 1898, p. 235; 1899, p. 203; 1903, p. 219.

TABLE XV.—BAVARIAN STATISTICS OF PAUPERISM.

Year.	Marks per pauper.	Year.	Marks per pauper.	Year.	Marks per pauper.
1871	37.6	1881	37.5	1891	41.7
1872	38.9	1882	37.3	1892	42.2
1873	41.9	1883	37.4	1893	43.5
1874	43.5	1884	38.3	1894	43.0
1875	43.6	1885	45.6	1895	44.2
1876	46.7	1886	40.7	1896	43.3
1877	47.9	1887	39.7	1897	43.7
1878	47.1	1888	39.8	1898	43.8
1879	46.9	1889	40.8	1899	45.5
1880	47.8	1890	41.0	1900	48.2

with the higher prices of foodstuffs and an increased scale of allowances, has raised the average expense of public charity so far as to make it reach the height it had attained approximately in 1876, 1877, 1878, and 1879.

These, briefly, are the considerations that underlie my optimistic views with regard to the influence of workmen's insurance; consequently I can but endorse the opinions given by the referee of the *Verein für Armenpflege und Wohltätigkeit*, Freund, and by the editors of the Imperial Statistical Office. The former says: "The care of the poor has been to a considerable degree relieved of the cases for assistance which are nowadays settled by workmen's insurance, the latter having kept the working population from addressing public charity. But at the same time, workmen's insurance has also exerted such powerful influence towards the raising of the entire standard of living of the working population that the charity organs had to take account of this circumstance and were deprived of their new economies by the increasing need to strengthen and to enlarge their activity to such an extent that they had to make new demands upon the public purse."<sup>1</sup>

#### 4. ACCIDENT STATISTICS.

"But"—will the reader say—"he who wants to live at other people's cost will certainly betray his tendency not only by his attitude towards public charity, but also at any opportunity under social insurance?" Indeed, the pessimists among the

<sup>1</sup> l. c., p. 83 and 84.

critics of German workmen's insurance ascribed the steady increase of accidents to this "moral decadence" of the German workpeople: from 10,540 in 1886, they had risen to 119,901 in 1901, or per 1,000 insured, from 2.83 to 6.15.<sup>1</sup>

These authors would have it that the increasing ratio of accidents is a symptom of the increasing wish for an easy gain even at the cost of pain and lasting injury, if only without work; and that hand in hand with this, the growing thoughtlessness of the workingman, caused by the insurance too, added to the number of accidents.

In my second article in the May issue of this REVIEW, I did not hesitate to side with an opposite view, the official one of the Imperial Insurance Office. What I said then, I shall supplement here, paying special attention to the points touched by Professor Farnam.

(1) The explanation of the increase in the number of accidents as due partly to a better registration had, as my esteemed opponent remarks quite correctly, the greatest influence in the first years; however, improvements in the registration of these figures play even now an important rôle, as will be seen in columns 2 and 3 of Table XVI, where I give the percentages of accidents that occur in individual establishments, and processes of work in 1897, as published in the *Unfallstatistik für das Jahr 1897* in 1900,<sup>2</sup> and (column 3) in the *Atlas und Statistik der Arbeiterversicherung des Deutschen Reichs*, published in 1904.<sup>3</sup> Had such a considerable shifting of all positions in so short a time really been the result of a stricter procedure in preparing the figures for the year 1897, then we should have in the given case a measure of possible inaccuracies and *eo ipso* one by which to test approximately the changes of figures year by year; it appears, however, impossible to produce such an exact measure. It is also impossible to define to what

<sup>1</sup> The data of the last years I have quoted completely in a table taken from the *Amtliche Nachrichten des Reichs-Versicherungsamts*, year xix, No. 1 (January 1, 1903), p. 7, in my first article in the YALE REVIEW, February, 1904, p. 378. Comp. also the *Stat. Jahrbuch f. d. Deutsche Reich*, 1904, p. 244.

<sup>2</sup> Cf. *Amtliche Nachrichten des Reichs-Versicherungsamts*, 1900, 3 Beiheft, ii Teil, ii Abteilung, Berlin, 1900, p. 27.

<sup>3</sup> Page 30.

degree a more liberal interpretation of "Industrial Accident" (*Betriebsunfall*) by the Imperial Insurance Office had perhaps increased the said figures. That such an influence really exists can be easily proved by the jurisdictional part of its annals (*Nachrichten*).<sup>1</sup>

(2) and (3) Whether and to what degree new machinery and the employment of insufficiently skilled labor are to be charged with producing an increase of accidents, we can see clearly from Table XVI.

The number of accidents "by machinery" has decreased: in industry, building, and navigation from 26.84 per cent. (1887), to 24.76 per cent. (1897), in agriculture and forestry from 13.97 per cent. (1891), to 9.75 per cent. (1901). But to see in this, and to repeat after the *Reichs-Versicherungsamt* and Professor Bantlin<sup>2</sup> the praises of the efficiency of the prevention of accidents, praises otherwise quite merited, will not lead us to an understanding of the causes that underlie the increase of the general rate of accidents. Table XVI supplies us with all the material needed for this.

This table gives quite an unexpected answer to the question which of the industries and what machinery presented greater danger in 1897 than in 1887. For while in industries and undertakings that do not employ machinery the rate of accidents through unavoidable industrial danger, *vis major*, etc., was in 1897: 52.32 per cent. against 55.94 per cent. in 1887, those that employed machinery gave a rate of 16.31 per cent. (1897) against 15.47 per cent. (in 1887), a proof that we have no reason to imagine that the machinery of 1897 was less dangerous than that of 1887 (comp. col. 17 and 18).

Besides, in the columns showing the causes of accidents independent of human will (*Unvermeidliche Betriebsgefahr*, etc., col. 17 and 18), an increase of accidents is noticeable only under: III. Working machines; VII. Fire hazards, hot and cor-

<sup>1</sup> It was the cause (5) alluded to in my quoted article of the May number of the YALE REVIEW.

<sup>2</sup> *Amtliche Nachrichten d. R. V. A.*, 1900, iii Beiheft, s. t.: *Statistik der Unfallversicherung*. Unfallvers. der bei gewerblichen Betrieben besch. Personen-Unfallstatistik für das Jahr 1897, ii Teil, ii Ab., Berlin, 1900, p. 2.—Prof. Bantlin is quoted by Prof. Farnam, l. c., p. 109.

TABLE No. XVI.—PERCENTAGES OF ACCIDENTS THAT OCCUR IN INDIVIDUAL ESTABLISHMENTS AND PROCESSES OF WORK AND IN INDIVIDUAL CATEGORIES OF CAUSES IN 1897 AND 1887, 1901 AND 1891.

Industrial, Building and Marine Trade Accident Insurance.																			
Percentages of injured and killed for which during the year in question indemnifications have been reported for the first time.																			
Causes of the accidents.																			
1897.		(1)		Not stated, not proved.		Total.		Fault of the employer.		Fault of the employee.		Common fault of both.		Fault of fellow-workmen or others.		Unavoidable causes.		Percentages of injured and killed for which indemnifications have been reported for the first time.	
(1)	1897	(2)	1897	(3)	1897	(4)	1897	(5)	1897	(6)	1897	(7)	1897	(8)	1897	(9)	1897	(10)	1897
Accord- ing to "Unfallstatistik."	1897	Accord- ing to both.	1897	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
Stated and proved.																			
Total Accidents.																			
100.00	100.00	100.00	2.34	3.47	97.66	96.53	16.81	20.47	29.89	36.56	4.66	4.61	5.28	3.40	43.36	44.96	100.00	100.00	100.00
24.76	24.76	26.84	1.84	2.45	98.16	97.55	25.62	33.79	44.58	60.34	9.52	11.60	3.97	2.80	16.31	15.47	9.75	13.97	13.97
75.24	75.24	73.16	2.50	3.34	97.50	96.16	13.89	15.52	22.92	22.91	3.05	2.01	5.72	3.62	52.32	55.94	90.25	86.03	86.03
0.95	1.04	1.35	2.97	2.78	97.03	97.22	17.69	30.95	54.95	31.43	9.20	12.86	1.89	0.48	16.27	24.28	0.48	0.74	0.74
1.55	1.69	2.31	1.82	2.44	98.17	97.56	26.21	43.61	55.41	35.56	11.97	8.89	2.73	1.11	4.70	10.83	0.62	1.18	1.18
17.40	18.87	17.55	1.49	0.82	98.51	99.18	25.05	33.38	45.43	36.92	9.14	11.98	2.81	1.91	17.55	13.81	8.42	11.33	11.33
4.86	5.18	5.63	2.91	7.45	97.09	92.55	29.04	31.61	36.01	29.33	10.19	11.18	9.22	7.09	15.54	20.79	0.23	0.72	0.72
0.32	0.33	0.47	10.27	24.00	89.73	76.00	64.89	38.60	12.98	19.30	0.76	1.75	5.34	8.77	16.03	31.58	0.01	0.01	0.01
0.95	0.98	1.80	27.56	22.57	72.44	77.43	16.98	22.42	43.71	33.18	5.97	4.49	8.81	7.62	24.53	32.29	0.34	0.53	0.53
3.35	3.53	5.36	5.32	16.10	94.68	83.90	21.66	21.70	23.37	28.65	5.21	2.36	4.39	2.09	45.37	45.20	0.68	0.98	0.98
16.94	17.13	20.80	1.31	1.72	98.69	98.28	25.36	18.56	15.95	14.00	4.90	1.72	7.25	3.06	46.54	62.66	11.18	13.45	13.45
11.83	11.73	14.48	3.55	3.29	96.45	96.71	13.46	17.30	23.50	25.12	3.75	2.19	1.51	1.16	57.78	54.23	19.72	20.95	20.95
13.76	13.37	9.31	0.54	0.63	99.46	99.37	4.37	5.98	27.44	23.86	1.29	0.25	5.71	6.17	61.19	63.74	7.95	6.61	6.61
6.37	6.55	5.69	3.18	4.07	96.82	95.93	6.67	8.38	28.62	24.57	2.12	6.32	5.50	4.82	57.09	55.91	18.44	19.91	19.91
7.84	6.04	4.29	1.80	3.07	98.20	96.93	9.89	8.73	45.42	43.83	4.86	4.82	9.78	6.63	30.05	35.99	0.29	0.21	0.21
1.37	1.39	0.99	18.28	6.96	81.72	83.04	11.87	7.48	25.29	19.05	0.97	0.68	2.53	0.68	59.34	72.11	0.09	0.08	0.08
0.91	0.97	1.12	1.20	0.56	98.80	99.44	0.97	6.25	6.54	18.18	0.48	..	0.73	0.57	91.28	75.00	15.11	11.69	11.69
3.57	3.45	5.62	0.30	0.45	99.70	99.55	2.26	99.19	35.98	25.51	0.55	..	12.99	5.37	48.32	59.93	7.83	6.93	6.93
8.03	7.75	2.63	0.95	2.62	99.05	97.38	18.00	3.42	16.73	23.47	0.79	0.25	2.84	2.69	62.20	70.17	8.61	4.98	4.98
Including all Accidents while Riding																			
Including all Simple Implements																			
Miscellaneous																			

rosive substances; IX. Falling from ladder, stairs, etc.; XI. Carriage; XIV. Animals, and XV. Tools and simple implements. One would have thought that those categories which show an increase of unavoidable risks would show an increased number of accidents; in reality, however, all these and just these give a smaller number, and only one (XI. Driving) shows a slight increase; from 5.69 per cent. in 1887 to 6.37 per cent. in 1897.

We have therefore, to admit

(a) Besides the "inherent" causes of industrial accidents, the existence of many others that lead to them, and

(b) That an increase in the risks from one of these causes (as for instance from more dangerous machinery) need not necessarily be reflected in the number of accidents, as its increased action may be neutralized and masked by a decreasing intensity of other causes.

From this, we can draw a conclusion of a methodological nature, namely, that we are entitled to ascribe to one of the coöperating factors the dominating fault of increasing the number of accidents, only in case the categories that show a percentile increase of accidents, at the same time indicate the most intensive action of the given factor; and in case the *maxima* of the latter (even though they coincide with *minimis* of other causes) constantly produce an increased rate of accidents, or at least never coincide with a considerable decrease of this rate.

This rule we shall apply to the investigation of the effect produced upon the increase of the rate of accidents through the workman's own fault. Upon the results of this investigation alone will depend our attitude towards the pessimistic apprehension of the moral influence of workmen's insurance (comp. col. 9-12).

Which of the categories do, then, show the greatest increase in the number of accidents and how far can this increase be ascribed to the fault of the workpeople? Category X. (Loading and unloading, etc.) gave in 1897, 13.76 per cent. as against 9.91 per cent. of the total number of accidents in 1887; here the fault of the workmen went up by 3.58 per cent., while

the "fault of the employer" decreased by 1.61 per cent.; the next category XI (Driving, carriage, etc.) shows in a total number of 6.37 per cent. accidents (5.69 per cent. in 1887) an increased fault of the employed by 4.05 per cent., and a decrease of that of the employers by 1.71 per cent. But in both of these categories the dangers of the production itself caused twice as many accidents as did the fault of either side, namely, 50 per cent.

The two categories XII (Railways) and XIII (Navigation and water traffic) gave in 1897 an increase of accidents over 1887; the first by 3.55 per cent., the second, by 0.38 per cent.; in the former, the fault of the workmen by 1.59 per cent., in the latter, by 6.24 per cent., and that of the employers by 1.16 per cent. and by 4.39 per cent. respectively. A considerable increase of the frequency of accidents we find in category XVI (Miscellaneous): 2.63 per cent. in 1887 and 8.03 per cent. in 1897; the fault of workmen decreased 6.70 per cent., the fault of employers increased 14.58 per cent.; but here also, "the unavoidable risks of production, etc.," bear the greatest blame (62.20 per cent. and 70.17 per cent. of accidents).

In a word, not a single one of these categories shows a maximum of fault on any one side, yet in spite of this, in all of them the frequency of accidents had increased to a greater or less degree. Meanwhile one glance at our table will show that the *maxima* of workman's fault (I, II, III, IV, and VI) coinciding with the minimum fault of the employers did not in a single instance drive up the number of accidents; nor does for that matter an inverse relation, a maximum fault of the employer with a minimum fault of the workman (category V.), coinciding with a lessened risk of production, increase the frequency of accidents. Thus are we foiled in our attempts to find the chief factor of accidents and have to conclude that here we meet with a medley of agents to none of which can be attributed the foremost rôle.

We have other data, which throw a little light on the workmen's responsibility for accidents in the statements concerning the separate types of faults of workmen in trade and agricultural associations (comp. Table XVII).

TABLE XVII.—FAULT OF WORKMEN.<sup>1</sup>

Percentages of Accidents through :	Trade, etc., Associations.		Agricultural, etc., Associations.
	1897.	1887.	1891.
1. Ineptitude, carelessness, etc.....	20.33	17.09	21.87
2. Not using or eliminating existing precautionary contrivances .....	2.00	1.82	0.78
3. Acting against existing prescriptions or given directions.....	5.66	5.35	0.80
4. Frivolity(romping,joking,drunkenness,etc.)	1.24	2.05	1.54
5. Unfit clothing (loose neckerchiefs, aprons, etc.).....	0.51	0.25	.
6. Workmen's fault—total (1-5) .....	29.74 <sup>2</sup>	26.56	24.99

<sup>1</sup> Comp. Klein Atlas, p. 31.

<sup>2</sup> In the table No. XVI this figure is somewhat greater (29.89); comp. the above for the exactitude of accident statistics.

The insignificant rise of less than  $\frac{1}{2}$  per cent. in items 2 and 3 may have been caused chiefly by familiarity with machinery, and such small deflections do not justify any conclusions. There remain items 1 and 5; here we encounter a considerable increase of accidents through "ineptitude and carelessness" (3.24 per cent.), and the small item 5 has more than doubled. This, and the circumstance that a higher ratio (21.87 per cent.) prevails in the agricultural associations seem to me to prove fairly eloquently that of late unskilled, untrained or inept hands are employed in Germany to a far larger extent than before. I am quite of Professor Farnam's opinion<sup>1</sup> that these need not be necessarily young laborers, and I have used my adjectives guardedly, not only here, but also on page 80 of my former article, for the simple reason that statistics of the age of the victims are few and far between.

Having thus used every figure within my reach, to prove that the increased frequency of accidents is due, to some extent, to the employment of "unskilled" workmen, we refer to rubric 4 of Table XVII for a direct indication that such increase was not brought about by increased frivolity; the cases coming under this head (romping, joking, drunkenness) decreased from 2.05 per cent. in 1887 to 1.24 per cent. in 1897.

Part of the fault in the larger number of accidents is ascribed

<sup>1</sup> *l. c.*, p. 110.



to alcoholism, which is said to be increasing, thanks to the advance of wages, due in its turn to workmen's insurance. It would be difficult to find any strict evidence for a causal connection between these two events, even if the clear meaning of the figures of No. 4 (XVII) could be contradicted.

In a former article I pointed out that the Germans consume per head about twice as much alcohol as the Americans, spending thus on alcohol fifteen thousand millions, i. e., thrice the yearly expense of workmen's insurance at the "time of equilibrium." Here I wished, of course, to state together with Zacher that the expense of workmen's insurance could not possibly undermine the competitive capacities of the country,—and never even thought of the workpeople.

Whoever knows Germany and German beer knows also that it is hardly necessary to see in an increased drink-bill the proof of a general corruption of morals; besides we know that, in the first place the unheard of prosperity of the German middle classes accounts for such increased consumption quite sufficiently; also, that it is not the working class, but the higher, not excluding those with a university or high school education, that are most attainted by alcoholism; that, finally, the temperance movement has certainly found more sympathisers in the associations of workmen, than . . . among the *Corps-Students*.

We give in Table XVIII the statistics of alcoholism in Germany. The number of deaths from delirium tremens, which until the introduction of workmen's insurance was increasing year by year, has shrunk during the last fifteen years 50 per cent.<sup>1</sup>

It cannot be doubted at any rate that it was not workmen's insurance, but to a much greater extent the economic condition, that caused the increased consumption of alcohol; but if inebriety were to exert some decisive influence upon the

<sup>1</sup> I am fully aware that some progress has been made in the medical treatment of delirium tremens, which, no doubt, accounts also for a decrease. But, without wishing to follow up this matter unnecessarily, we merely venture the opinion that this circumstance by itself would also speak for workmen's insurance, as it was through it that the proper organs obtained better means of supervising drunkards.

TABLE XVIII.—ALCOHOLISM IN GERMANY.

Year.	Calculated Consumption of Beer per head of Population. <sup>1</sup> Litres.						Estimated consump- tion of brandy per head of population in Germany. <sup>1</sup> Litres.	Number of persons dead in Prussia of delirium tremens. <sup>2</sup>	
	Brewing tax district.	Bavaria.	Wartem- berg.	Baden.	Alsace and Lor- raine.	German customs- district. incl. Luxem- burg.		Male.	Female.
I	2	3	4	5	6	7	8	9	10
1879.....	63	213	160	77	49	85		1095	92
1880.....								960	120
1881.....								1152	98
1882.....								1100	99
1883.....								1131	146
1884.....	75	213	159	86	51	94		1154	138
1885.....								1271	158
1886.....								1213	121
1887.....								987	121
1888.....							5.4	526	56
1889.....	89	222	173	102	66	107	5.7	579	60
1890.....							5.5	613	51
1891.....							5.5	500	44
1892.....							5.6	524	46
1893.....							5.7	591	71
1894.....	98	237	186	132	76	117	5.7	536	59
1895.....							5.9	552	71
1896.....							5.9	473	58
1897.....							5.9	536	81
1898.....							6.2	528	59
1899.....	104	248	193	170	85	125	6.3	707	76
1900.....	106	246	180	161	83	125	6.3	648	91
1901.....	105	245	184	158	83	124	6.1	637	78
1902.....	97	235	172	156	83	116	6.2	614	84

<sup>1</sup> Comp. from the *Stat. Jahrbuch f. d. Deutsche Reich*, 1904, p. 194 and 195.<sup>2</sup> Cf. *Preussische Statistik*, Heft 184, Berlin, 1904.

frequency of accidents, then we should find these latter increasing with progressing prosperity. The proof fails here as before; the economic upset of four years ago caused a sudden diminution in the consumption of beer and brandy (comp. the columns 2-8 of Table XVIII), but the number of accidents continued its steady growth almost without interruption (Table XIX).

TABLE XIX.—NEW ACCIDENTS PER 1,000 FULL-WORKMEN.<sup>1</sup>

	1897.	1898.	1899.	1900.	1901.	1902.
Industrial, Building, and Marine Trade Accident Insurance .....	8.07	8.18	8.47	8.54	9.16	9.13
Agriculture and Forestry Accident In- surance .....	4.06	4.26	4.57	4.47	4.98	5.15

<sup>1</sup> Klein Atlas, p. 26.

We must state, in conclusion, that not even the accusation of "Blue Monday" can be limited to the workmen only; for by comparing the general with the labor statistics, we find that the evil influence of Sunday amusements is felt by the whole population. In the following table (XX), we find a certain increase in the number of Monday accidents for 1897 as against 1887, and 1901 against 1891. But here again the differences may have been accidental, as in Berlin we find fairly larger differences year in year out; and yet in Berlin the figures give not the accidents befalling the insured workmen, but those of the general public.

TABLE XX.—THE FREQUENCY OF ACCIDENTS ACCORDING TO DAYS.

	Industrial, etc.		Agricultural, etc.		Accident.		Berlin.		Wards. <sup>2</sup>	
	Associations. <sup>1</sup>									
	1887.	1897.	1891.	1901.	1900.		1901.		1902.	
	The daily accident rate if assumed that the daily average of the whole year is = 1.				Absol.	Per cent.	Absol.	Per cent.	Absol.	Per cent.
Sunday.....	0.19	0.15	0.28	0.29	5219	11.45	5316	11.47	5250	11.18
Monday.....	1.18	1.23	1.17	1.22	7612	16.70	7446	16.06	7702	16.40
Tuesday.....	1.10	1.17	1.14	1.06	6574	14.42	6841	14.76	6887	14.66
Wednesday..	1.15	1.10	1.09	1.05	6530	14.32	6552	14.14	6870	14.63
Thursday....	1.09	1.10	1.07	1.09	6343	13.91	6543	14.12	6551	13.95
Friday.....	1.16	1.06	1.08	1.12	6560	14.39	6500	14.02	6666	14.19
Saturday....	1.13	1.19	1.17	1.17	6751	14.81	7151	15.43	7045	15.00
Total.....	7.00	7.00	7.00	7.00	45589	100.00	46349	100.00	46971	100.00

<sup>1</sup> Cf. Klein Atlas, p. 29.<sup>2</sup> Cf. *Stat. Jahrbuch d. Stadt Berlin* 1903. The percentages are calculated by myself.

In all that we have said, I have endeavored to leave the *onus probandi* to the authors who had gone in their criticisms of German workmen's insurance beyond the limits indicated in my former two articles; in my turn, I have done my best to give my counter arguments in the form of statistical tables for all Germany, individual states, and towns. I do not cherish any exaggerated hopes of converting to my views those who insist that workmen's insurance has made the German workman thankful to the state, a discontented poltroon in his relations to his employers, and, on the whole, a frivolous, lazy, drunken prodigal and simulant; though to me, everything seems to prove that

workmen's insurance has raised the moral level of the working classes very considerably. For the moment I should feel absolutely satisfied, if all those who undertake to write on workmen's insurance would agree, that to attain any results possessed of positive value, not detached figures, statements or facts, are needed, but a thorough analysis of whole coherent complexes of events in the light of an exact knowledge of the general relations under which the events under investigation take place.

All of the social work and the economic, sanitary, and moral problems that fall to the share of workmen's insurance will not approach completion until both of its modes, voluntary and compulsory, have done their part. To which of these factors preference will be given can be decided not by the arm-chair reformer, but by national temperament and by national traditions.<sup>1</sup>

N. PINKUS.

Göttingen.

<sup>1</sup> That this view is held also by the most ardent adherents and advocates of the German system, is proved by one of Dr. Zacher's recent publications: *Die Arbeiterversicherung im Auslande*, Heft Ia, Berlin, 1903.

## GERMAN WORKMEN'S INSURANCE—A POSTSCRIPT.

IT is not my purpose to extend the discussion of compulsory insurance in Germany, by taking up in detail the various points elaborated by Dr. Pinkus in his last two articles, but as these articles indicate that Dr. Pinkus has misunderstood my attitude with regard to the matter in some particulars, I cannot but fear that other readers of the REVIEW have done the same. To avoid any misunderstanding, therefore, I feel that I ought to briefly restate my case.

I have never claimed that the German workman was "a frivolous, lazy, drinking prodigal and simulant," nor have I tried to make out that the general effects of workmen's insurance were on the whole bad. My aim was merely to point out certain facts which indicated that some of the effects had not been good. My article was intended not to controvert the points made by Dr. Pinkus in his articles published in February and May, 1904, but to supplement them, and such statements as I called in question were not those of Dr. Pinkus, but those of the official protagonists of the system. This is my general point of view. I will now apply it more specifically to the four main topics of the discussion.

(1) *Relations between employer and employed*—I quite agree with Dr. Pinkus in holding that strike statistics are not only inaccurate in themselves, but that they do not furnish any exact manometer of the friendliness of relations between employers and employed. Nevertheless, any marked improvement in those relations ought to result in a diminution of strikes. A strike is an offensive method of satisfying demands which are in the main economic. Any great increase of good-will would inevitably lead to the adoption of peaceable methods, just as good will between nations leads to the substitution of diplomacy and arbitration for war. Imperfect as our strike statistics are, therefore, they furnish almost the only statistical means of testing the truth of the claim that workmen's insurance is having a

conciliatory effect. The existence of other agencies for preventing strikes, such as tariff agreements, boards of conciliation, etc., is irrelevant, unless it can be shown that they result directly from the influence of insurance. The fact that such agencies exist in England and the United States, and that they are probably more efficient in those countries than in Germany, suggests that the supporters of the German system are claiming for it more than the facts of the case as they now stand warrant.

(2) *Insurance and thrift*—Savings bank statistics are proverbially difficult to interpret, and for that reason I did not quote them in my first article, though the Prussian figures are on their face favorable to my view. I certainly see no reason to question the general conclusion of Dr. Pinkus that compulsory insurance in Germany does for the laboring classes what saving does for the middle classes. This is not inconsistent with the statement regarding the lack of thrift of many people which I quoted on page 105 of this REVIEW.

(3) *Pauperism*—Dr. Pinkus is quite right in saying that the classes reached by insurance are not identical with those reached by poor relief. It is unfortunate that the German Statistical Bureau has found it impossible to make such a compilation of figures as to show conclusively whether the gross expenditure for poor relief is increasing or diminishing in Germany. My study of the subject was designed to show that the generalizations of the bureau were not supported by the evidence presented. I am not so inexperienced in the use of figures as to imagine that I can get exact results from counting the affirmative and negative answers to a series of rather vague questions, but, for the same reason, I do not believe that the statisticians of the Imperial Bureau can do it. And when they say that "by far the greater part of the authorities quoted stated that there had been a relief," I consider it quite proper to count the answers and to show that less than one-half of them gave such a general verdict, and that many of those who stated that there had been a relief, stated also that the expenditure on the poor had increased. I am glad that Dr. Pinkus has brought out so fully some of the special reasons which explain and perhaps justify this increase. That is a topic which I have not discussed. My point is that the broad generalization of the Bureau is almost sure to produce

a wrong impression. Mr. Robert Hunter, e. g., in his recent book on poverty, says that German insurance "has relieved charity of a heavy burden." I believe that any American reader of such an expression would understand that the expenditures for poor relief had generally diminished under the operation of insurance. In point of fact, there is not only no evidence of this, but the very passage which Dr. Pinkus quotes from Freund (p. 424) indicates that insurance itself has directly operated to increase the rate of allowances. Nor do I believe that we can brush aside as merely subjective opinions the views of those who have administered poor relief, and are, therefore, in close touch with the minds and motives of the paupers. For, while it would be obviously unfair to generalize from a few observations, and to claim that the effect of insurance everywhere is to increase the importunity of the poor, the fact that such a result should show itself in a single case is a sufficient warrant for the view that it is liable to show itself in other cases, and, therefore, one to be weighed in judging of the effects of the system.

(4) *Accidents*—The main outcome of the elaborate and interesting analysis which Dr. Pinkus makes of the accident statistics seems to be to prove a negative, namely, that we are "foiled in our attempts to find the chief factor of accidents, and have to conclude that here we meet with a medley of agents to none of which can be attributed the foremost roll." Inasmuch as I agree with this general conclusion, I will not discuss Dr. Pinkus' methodology, which I think is open to some objections. In my original study I was so impressed with the number of different factors determining accidents that I felt it important to call attention to one which had apparently been overlooked by the official statisticians.

For none of the four reasons given by Messrs. Lass und Zahn accounts for the fact that accidents occur more frequently on Monday than on other days in the week, and that in the course of a decade the bad eminence of that day has actually shown a proportional increase. Any one who knows the part played by blue Monday in the history of German industry is justified in assuming a connection between the increase in the consumption of alcoholic drinks and the large and increasing number of

accidents which occur on Monday. It is certainly no disproof of this theory to point out that deaths from delirium tremens have diminished, and that German students are heavy drinkers. It is quite conceivable that there may be an increase in the number of those who drink enough on Sunday to make themselves stupid and careless on Monday, and at the same time a decrease in the extreme alcoholism which leads to delirium, and it is certainly not reasonable to assume that all of the additional beer which is being consumed has been poured down the throats of students and *Spiessbürger*, though a residence of over seven years in Germany has given me great confidence in the beer drinking capacity of the academic world. I, therefore, still believe that some of the increase in accidents must be attributed to this cause, and one can hold that belief without denying in the least the many good qualities of the German workman. No less an authority than Professor Schmoller, in attempting to characterize the German wage worker, says of him: "Trotz höherer Schulbildung ist er schwerfällig, nicht allzu sparsam, lässt an Sonntagen draufgehen, was er in der Woche verdient, er hat noch nicht so genau rechnen und handeln gelernt wie der Jude, der Romane, ja der Slave und Chinese." These are the qualities which seem to me to have contributed in part to swell the number of accidents in Germany.

HENRY W. FARNAM.

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## BOOK REVIEWS.

*The History of Liquor Licensing in England, Principally from 1700 to 1830.* By Sydney and Beatrice Webb. New York: Longmans, Green & Co.—pp. 151.

Any student who undertakes a piece of historical work has a perfect right to determine where he will begin and where he will end his task. While admitting this, it is still permissible to feel some regret that Mr. and Mrs. Webb, in their *History of Liquor Licensing in England*, did not push their research a little further back than the time at which Parliament began to concern itself with the question. There are many data in the numerous reports of the Historical Manuscripts Commission covering the period when the municipalities alone were concerned with the control of the liquor trade; and if Mr. and Mrs. Webb had drawn upon this material they could not have done otherwise than have put it beyond question that there never was a period in English history when the liquor trade was not the occasion of trouble, either to the municipalities or to the central government. That they have chosen to begin at the time Parliament began to concern itself with the trade does not detract from the value of their present work, nor appreciably diminish the indebtedness which students of English social legislation are under to them for the detailed and admirable history of licensing legislation which they have published.

Mr. and Mrs. Webb's work is much more than a summary of the legislation which was passed between the reign of Queen Anne and that of George IV. It deals with social causes calling for Parliamentary action and with the administration of the numerous enactments by the borough and county benches. For more than three hundred years, to be exact, from 1552, the manufacture and the sale of alcoholic drinks have been under special statutory regulation. The object of this legislation has been the same since the reign of Edward VI. It has been, as it is to-day, to prevent social disorder and personal misconduct brought about by excessive drinking, and to place obstacles in the way of the unrestricted sale of intoxicants. The national government has always appropriated to itself the revenue derived from alcohol; while the duty of regulating the consumption of drink in such a way as to obviate social

disorder has always been left to the local authorities—the borough benches in the incorporated towns, and the county benches in the rural districts.

From the first, the function of licensing has been left to these nominated magistrates; and it has always included three distinct forms of control: (1) the power of selection; (2) the power of withdrawal; and (3) the power of imposing conditions. Brewster sessions, the meetings in February each year, at which the magistrates exercise these powers, date from 1729. Before 1729, a license might be obtained at any time from two magistrates. Nowadays, however, applications for licenses can be dealt with only at the brewster sessions; and several preliminaries, chiefly in the way of advertising, have to be gone through that a neighborhood may not have an application for a license sprung upon it without due notice. From the earliest days of legislation, it has been implied that the number of licenses was to be kept down to just sufficient for the legitimate wants of each neighborhood. From the first also, no charge except the license fee, which goes into the national treasury, has been imposed; and it has thus always been in the power of the magistrates to create a valuable property and to give it to whom they choose. Licenses have never been for a longer period than a year; and the magistrates have always had power to refuse a new license or the renewal of an existing license at discretion, and without assigning cause.

It is beyond all doubt that in days gone by this power was arbitrarily used. Licenses were not infrequently withheld because the applicants were in political antagonism to the magistrates. Such conduct on the part of licensing benches was not uncommon in the days of the corrupt municipalities. It did not come to an end all at once with the sweeping reforms of 1832 and 1835; but in more recent times public opinion has been too strong for a bench of magistrates disposed to use its judicial powers to any such ends.

One new and most interesting fact brought out by Mr. and Mrs. Webb is that from 1587 to 1631 the powers of the central government were used to secure a good and uniform administration of the licensing laws. There were in those days no central government departments such as the Home Office and the Local Government Board of to-day, in constant and direct touch with the magistrates and the municipalities all over the country. But orders commanding the local authorities to a due exercise of their powers and to the use of these powers in the interests of good social order were

regularly issued from the Privy Council; and it was part of the duty of the judges on circuit to see that these orders were heeded. In fact, in the days of the Tudors and the Stuarts, the judges themselves often suppressed unnecessary or obnoxious alehouses, and in this way gave a lead to the local justices. The Civil War ended these orders from the Privy Council. Cromwell made many reforms, some of which outlasted the Commonwealth; but during the Protectorate, this central control over the liquor trade fell into desuetude; and to-day, except for the control which the Home Office exercises over the police, there is no government department charged with the duty of seeing that the licensing laws are strictly administered.

After the Revolution little was done in the way of suppressing unnecessary alehouses; and until nearly the end of the eighteenth century there is no evidence of any systematic care by the magistrates either in restricting the granting of new licenses or in regulating the conduct of license holders. About 1780, however, there was a period of local judicial activity. It continued for seven years. It was fairly general in its character; and during this time comparatively few new licenses were granted, and many houses not required by the public were suppressed. Again about 1816 there was another period of general magisterial activity, which, remarkable as it may now seem, was opposed by the philosophical Radicals, who at this time were making their influence felt in the House of Commons and in the press. Their cry was that it was contrary to public policy that unrepresentative bodies such as the magistrates could, without appeal, deprive the working man of his beer; the honest publican of his means of livelihood; and the brewer of his property. The philosophical Radicals helped the Duke of Wellington in 1828 to set up a system of free trade in beer which survived until 1869. During these forty years it was as easy to open a beerhouse as it was to obtain a license for a dog or a gun; and the result of the experiment on which the Duke of Wellington launched the country, are the thousands of unnecessary beerhouses which exist to-day all over England, to the worry of the police and to the perplexity of the magistrates, who have practically no power over the 1869 beerhouses, so long as the holders of these licenses conduct their houses in a reasonably decent manner and do not become involved in trouble with the police.

Mr. and Mrs. Webb's history is only a part of a larger work on English local government in the eighteenth and nineteenth cen-

turies, which is to be published almost at once. The earlier appearance in separate form of what are to be the sections dealing with licensing was due to the intense interest which the question of licensing was arousing in England.

EDWARD PORRITT.

*A History of the Commercial and Financial Relations between England and Ireland from the Period of the Restoration.* By Alice Effie Murray, D.Sc. (Lond.), Certificated Student Girton College, Cambridge; F. R. Hist. Soc. Studies in Economics and Political Science, edited by Prof. W. A. S. Hewins, M.A., Director of the London School of Economics. London: P. S. King & Son, 1903—pp. xvii, 486.

Miss Murray, we are told in a brief preface by Prof. Hewins, had a distinguished career at Girton College, and was one of the two women students who were the first to obtain the doctorate in the Faculty of Economics and Political Science in the University of London. This book contains the results of the work done for the doctor's thesis. It is substantially an economic history of Ireland, from the period of the Restoration, when England first adopted a special economic policy toward the sister island, to the present time; the study of commercial and financial relations has involved a full treatment of the development of Irish industries, both manufacturing and agricultural.

The sources of the book are given in a classified chronological bibliography covering more than twenty pages. They comprise the books which readers have been accustomed to accept as standard, from Petty and Swift to Cunningham and Lecky, along with parliamentary publications and many tracts from the British Museum collection, and include also some manuscript material of which good use has been made in the text: correspondence from the English and the Irish Record Offices, from the British Museum and from Trinity College, Dublin, and statistical statements from the treasury ledgers and the custom-house books. Some of the statistical material is compiled in an appendix, and the book is provided with a good table of contents and index. Miss Murray's work bears evidence throughout of her training in the modern methods of historical analysis and construction, and the book is a valuable contribution to economic literature.

The book confirms the prevailing impression as to the character of English policy toward Ireland; it shows that this policy was an individual application, marked by peculiar abuses, of the general colonial theory. Miss Murray does not justify, and does not seek to justify, the policy from an idealistic standpoint, but she shows, as has not been done before, how natural and reasonable the policy was under the conditions of the time. Especially interesting are the evidences of the influence on economic policy and progress, of the special interests of persons and parties, and of the foreign relations of the two islands (cf., e. g., pp. 31, 51, 170, 215). The conditions of life in Ireland were determined ordinarily not by a consideration of the greatest good of the greatest number of Irishmen, but by reference to the interests of people, sometimes individuals or small groups, who never set foot there. The complexity of the influences which governed Irish policy sets an extraordinarily difficult problem to anyone who would seek the solution in the general principles of selection and survival.

Another point of general interest which is well brought out in Miss Murray's book is the impossibility of foreseeing the consequences of public regulation, and the danger of undesired reactions. The cattle acts of 1666, passed in the interests of English breeders and graziers, "turned Ireland from a country of cattle breeders into a country with a large provision trade, into a wool-growing country, and one in which a woollen manufacture was rapidly establishing itself. In return England had lost some part of her trade with Ireland, had found herself rivalled in foreign markets and in her own plantations by Irish goods, while a huge importation of Irish wool dragged down the price of her wool and impaired the prosperity of her wool growers" (p. 40). In the same way, "The restrictions on the Irish woollen manufacture resulted in the clandestine exportation of Irish wool to foreign countries, and in the emigration of Irish weavers; these were some of the causes which led to the successful establishment abroad of woollen industries which began to rival that of England; this foreign competition led directly to a decay in the English woollen manufacture; this produced a fall of the price of wool in England, whether English or Irish; this fall in the price of wool resulted not only in an increase in the clandestine exportation of Irish wool, but also in a large smuggling trade in English wool, for the English wool growers could now get a better price abroad than at home for their

wool; this increase in the amount of English and Irish wool obtained by foreigners enabled them to make still further progress in their woollen manufactures; and this growth of foreign competition led to a further decay in the English manufacture" (p. 63). The navigation acts hurt Ireland but they hurt the English still more in their Irish relations (Chap. V).

Miss Murray holds that the English policy toward Ireland was as great a mistake from the political standpoint as from the economic. By grasping at apparent chances for gain, England lost the chance to establish in Ireland the ascendancy of wealthy and loyal Protestants; she hurt most by her restrictions the Protestants, especially the Ulster Presbyterians; she drove many to America, where they took a large part in the Revolution, while those who remained led the struggle for a free trade and a free parliament.

It is impossible even to summarise here the history of the fiscal relations, which have been the source of so many abuses in the past, and which still await a satisfactory settlement at the present. The chief difficulty in these as in other relations, is the divergence of economic interests in the two islands, which is greater now, Miss Murray thinks, than ever before. She concedes an improvement in the condition of the poorer classes, and finds ground for hope in the recent advances made in agriculture, fisheries, and rural industries, but she doubts whether even at the present day Ireland is much richer than in the years before the Union.

C. D.

*A History of Two Reciprocity Treaties, with a Chapter on the Treaty-Making Power of the House of Representatives.* By Chalfant Robinson, Ph.D. New Haven: The Tuttle, Morehouse and Taylor Press, 1903—pp. 220.

Dr. Robinson makes no mistake in thinking that the present interest in reciprocity warrants the publication of another historical account of the important experiments in this direction made with Canada in 1854 and with Hawaii in 1876. The earlier monograph of Haynes on the Canadian treaty and the chapters on the Canadian and Hawaiian treaties in the recent work of Laughlin and Willis still leave room for a more detailed account of the facts and for an independent interpretation of their significance. The author of these essays, for instance, comes to quite different conclusions

regarding the causes which brought about the abrogation of the Canadian treaty from those of the joint authors of *Reciprocity*, while, on the other hand, he has little to say on the charge that the Hawaiian treaty was a "job" carried through for the benefit of a few American capitalists.

Of the two essays, the first, which is concerned with the Canadian treaty, deals more largely with the economic conditions. It was inevitable that an analysis of these conditions in connection with the treaty should leave the reader in a somewhat uncertain frame of mind regarding its effects. The treaty was in effect for only eleven years and came at a time when great changes were being made in the transportation system, which were more important in determining the course of trade than any treaty regulations, while the later years of the treaty fell during the Civil War, when what would have been its normal workings were doubtless altered. The author has not ventured to analyse the effects of these great movements as much as might be desired, but has none the less given us a careful and valuable study.

The second essay is more largely concerned with diplomatic history and gives a brief and clear account of the efforts of France, England and the United States to secure a dominant position in the islands from the time of the landing of the American missionaries in 1820. It is emphatically brought out by the author that the treaty of 1876 was, from the American point of view, but an incident in that struggle. The interests of the Hawaiians were commercial, the interests of the United States were political; and the question was simply this, whether the commercial concessions made by this country were a reasonable or unreasonable price to pay for the increase of American influence. The author gives a clear account of the effects of the treaty on Hawaiian trade, while a certain lack of clearness in analyzing some of the arguments advanced is to be explained by the fact that he is an historian rather than an economist. Occasional references indicate a somewhat dubious attitude as to the significance of a "favorable" balance of trade.

The chapter on the Treaty-Making Power of the House is a very welcome summary of the main points in that discussion and of the action of the House in reference to past treaties. Besides the body of the text, appendices are added giving the texts of the Canadian and Hawaiian treaties and fifteen pages of statistical tables on the trade between Canada and the United States.

H. C. E.

*The Kinetic Theory of Economic Crises.* By W. G. Langworthy Taylor. University Studies published by the University of Nebraska, vol. iv, No. 1. Lincoln, Neb., 1904—pp. 77.

Professor Taylor has made an interesting contribution to the study of economic crises, which deserves a more extended consideration than is possible in this review. Since, in his opinion, a crisis is a normal part of the movement of progress, any adequate theory of crises seems to involve a preliminary theory of progress, while he finds it necessary to preface this preliminary theory with a review of the logic of science and education. The result is that long before the reader gets to the subject of crises at all, he finds himself considering many novel suggestions which tempt him to lengthy discussion. It is a question indeed whether Professor Taylor has not been carried away too much by his desire to lay anew the foundations for his theory. One is reminded of Lowell's remark about "the whole tree of knowledge torn up by the roots" in reference to the sermons of Parker. It is unfortunate that the agreements on economic science are so few that many writers feel obliged to start every discussion with a preliminary theory of knowledge. In any case Professor Taylor has seriously weakened the force of his presentation by his elaborate use of analogy. It is one of his theses that we are unable to "apprehend any process" without the aid of the physical and biological analogies. This is a dangerous stand to take. The author seems to use his analogies as being something more than illustrations, and certainly to one not familiar with electrical science his references to "resonance" and "loops," and Leyden jars are far from helpful.

These objections are emphasized, because they will have the effect of repelling readers from a study which is of real value. The author's main contention is that crises, instead of being abnormal or freakish phenomena, which may be treated outside the main body of economic theory, are normal stages in the kinetic process. Progress is described as a journey from environment to environment of a progressively psychic character, and the crisis is, so to speak, the door to the new environment. The factors of the new environment enter into the psychical determinations of the population, especially of the industrial leaders, and are reflected in credit promises. A perfect appreciation of the new factors is impossible to a people not endowed with omniscience; consequently each new progressive movement results in a disturbance of the equilibrium. The



phenomena of a crisis then are inevitable in a progressive society, are dependent on environmental factors, and are not to be removed by any social reorganization along socialistic or other lines. This theory is worked out in detail with many suggestive ideas regarding the role of credit and financial leadership, which it is impossible to consider here. The author has given us one of the most ambitious attempts in the literature of the subject at an analysis of fundamental causes.

H. C. E.

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